

SENATE

THURSDAY, APRIL 20, 1939

(Legislative day of Wednesday, April 19, 1939)

The Senate met at 12 o'clock meridian on the expiration of the recess.

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

Almighty and everlasting God, creator and preserver of all mankind: We, Thy children, render Thee our humble praises for all Thy blessings vouchsafed unto us, and especially for having delivered us from the dangers of the past night. Since it is of Thy mercy, O gracious Father, that another day is added to our lives, we dedicate anew to Thee, at this altar of devotion to our country, our souls and bodies in a sober, righteous, and godly life, beseeching Thee for the constant assistance of Thy Holy Spirit, that we may be effectually restrained from sin and incited to our duty.

Direct us in all our ways; let Thy fatherly hand ever be over us, and be graciously pleased to take all who are near and dear unto us under Thy loving care and protection. We ask it for His sake, who lay down in the grave and rose again for us, Thy Son, our Saviour, Jesus Christ. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, April 19, 1939, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 5619. An act to provide for the training of civil aircraft pilots, and for other purposes; and

H. R. 5762. An act to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Hughes	Radcliffe
Andrews	Davis	Johnson, Calif.	Reed
Ashurst	Donahey	Johnson, Colo.	Reynolds
Austin	Downey	King	Russell
Bankhead	Ellender	La Follette	Schwartz
Barbour	Frazier	Lee	Schwellenbach
Barkley	George	Lodge	Sheppard
Bilbo	Gerry	Logan	Shipstead
Bone	Gibson	McCarran	Smathers
Borah	Gillette	McKellar	Stewart
Bridges	Glass	McNary	Taft
Brown	Green	Mead	Thomas, Okla.
Bulow	Guffey	Miller	Thomas, Utah
Burke	Gurney	Minton	Townsend
Byrd	Harrison	Murray	Truman
Capper	Hatch	Neely	Tydings
Caraway	Hayden	Norris	Vandenberg
Chavez	Herring	O'Mahoney	Wagner
Clark, Idaho	Hill	Overton	Walsh
Clark, Mo.	Holman	Pepper	Wheeler
Connally	Holt	Pittman	Wiley

Mr. MINTON. I announce that my colleague [Mr. VAN Nuys] is absent from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY] and the Senator from Connecticut [Mr. MALONEY] are members of the Board of Visitors to the Coast Guard Academy, and, therefore, are necessarily absent from the Senate.

The Senator from Minnesota [Mr. LUNDEEN] is addressing the University of Kentucky today and is, therefore, necessarily absent.

The Senator from Illinois [Mr. LUCAS] and the Senator from South Carolina [Mr. SMITH] are detained on important public business.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

RESERVE OFFICERS ON DUTY WITH CIVILIAN CONSERVATION CORPS

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and referred to the Committee on Military Affairs:

To the Congress of the United States:

After consideration of the administrative difficulties and fiscal effects flowing from the enactment of the last proviso of section 5, Public, No. 18, approved April 3, 1939, I am constrained to recommend to the Congress that early consideration be given to amending the law so as to remove all Reserve officers on duty with the Civilian Conservation Corps from the purview of the benefits provided in that section of the law for members of the civilian components of the Army brought into active military service for more than 30 days.

In making this recommendation, I am influenced by the belief that the Congress in enacting the law had in mind its application to individuals serving on extended active duty with the Army under conditions where they are exposed to military hazards of the same nature and to the same degree as individuals of the Regular Army. While it is held that duty with the Civilian Conservation Corps is military service, nevertheless, application of the law to the Reserve officers on such duty is considered neither desirable nor necessary; as a matter of fact, as we all know, duty with the Civilian Conservation Corps is in no way comparable with active military duty—in fact, it is almost wholly civilian duty. Legislative action in accordance with my recommendation is considered preferable to the alternative of replacement of Reserve officers by civilians, and I therefore recommend the matter to the favorable consideration of the Congress.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, April 20, 1939.

COOPERATIVE AGRICULTURAL EXTENSION WORK

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 518) to provide for the further development of cooperative agricultural extension work, which was, on page 2, line 5, to strike out "\$500,000" and insert "\$300,000."

Mr. BANKHEAD. I move that the Senate concur in the House amendment.

The motion was agreed to.

AMENDMENT OF FAIR LABOR STANDARDS ACT—WAGES AND HOURS

The VICE PRESIDENT laid before the Senate a letter from the Administrator of the Wage and Hour Division, Department of Labor, recommending certain amendments to the Fair Labor Standards Act to meet problems that have arisen in the administration of the act, which was referred to the Committee on Education and Labor.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of Local No. 102, United Federal Workers of America, of Wheeling, W. Va., favoring the enactment of the so-called appeals bills relating to Federal employees under the civil service, which was referred to the Committee on Civil Service.

He also laid before the Senate a resolution of District No. 5, Council of the Oil Workers International Union, Oklahoma City, Okla., remonstrating against amendment of the National Labor Relations Act, which was referred to the Committee on Education and Labor.

He also laid before the Senate a memorial of sundry citizens of Cresco, Iowa, remonstrating against foreign entanglements or the entrance of the United States into war, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a telegram in the nature of a memorial from Dr. John Szczepaniak, of Buffalo, N. Y., remonstrating against Poles or other racial groups in the United States raising money in this country to assist in the defense of their mother countries, which was referred to the Committee on Foreign Relations.

Mr. DANAHER presented a memorial of sundry citizens of Manchester, Conn., remonstrating against the admission to the United States of Grover C. Bergdoll, which was referred to the Committee on Immigration.

He also presented numerous petitions of sundry citizens of the State of Connecticut, praying for the enactment of House bill 5479, relative to substitute postal employees, which were referred to the Committee on Post Offices and Post Roads; and one of the petitions was ordered to be printed in the RECORD, without the signatures attached, as follows:

To the Congress of the United States:

In reference to the Sweeney substitute bill, H. R. 5479, we, the undersigned, all American citizens and voters of Hartford, Conn., would be truly grateful if you would consider that the postal substitutes are the only postal employees who do not receive either a vacation with pay or sick leave, and must in many instances jeopardize their health to maintain a living. Some substitutes have worked from 3 to 10 years without these benefits. Being heartily in accord with the enunciation of this fair and human bill, we therefore respectfully call upon you to elevate the standards of living for postal substitutes by urging the enactment of the Sweeney substitute bill, H. R. 5479.

Mr. MINTON. I send to the desk numerous petitions signed by a great number of people of Indiana in favor of legislation prohibiting the advertising of liquor shipped in interstate commerce. I make that statement for the RECORD, and ask that the petitions be received and referred to the proper committee.

The VICE PRESIDENT. The petitions will be received, the receipt of the petitions will be noted in the RECORD, and the petitions are referred to the Committee on Interstate Commerce.

(The petitions presented by Mr. MINTON are from sundry citizens of the State of Indiana and pray for the enactment of legislation to prohibit the advertising of alcoholic beverages by press and radio.)

NEUTRALITY AND INVOLVEMENT IN WAR

Mr. WILEY presented a resolution of the Milwaukee (Wis.) County Board of Supervisors, which was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas current world conditions and events point to the imminence of a widespread European conflict into which efforts will doubtless be made by both foreign and local influences to force the entry of these United States; and

Whereas the overwhelming sentiment of our citizenry, based upon their vivid memories of the last World War and its consequences, is against the participation of the United States in any foreign conflict, and that our military and naval forces be utilized solely in defense against a foreign invader: Now, therefore, be it

Resolved by the Milwaukee County Board of Supervisors in regular meeting duly assembled, That our Senators and Representatives in Congress be memorialized to exert their every effort to preserve the strict neutrality of these United States in the event of a European war and to avoid by any policy of economic pressure, sale of munitions, expression of sympathy, or otherwise, all acts that might tend to bring about American involvement in such conflict; be it further

Resolved, That copies of this resolution, certified to by the proper county officers, be forthwith transmitted to Wisconsin's two Senators and to Milwaukee County's Representatives in the House of Representatives of the United States.

PETITION—REVENUE FOR MUNICIPAL TREASURIES OF THE VIRGIN ISLANDS

Mr. TYDINGS. Mr. President, on yesterday I presented a petition addressed to the Congress by a delegation from the Virgin Islands, composed of Hon. Lionel Roberts, member at large, municipal council, St. Thomas and St. John; chairman, municipal council, St. Thomas and St. John; vice chairman, Legislative Assembly for Virgin Islands; and Hon. Frederick D. Dorsch, chairman, Legislative Assembly, and so forth; and Hon. Joseph Alexander, member, municipal council of St. Croix, and so forth; and Hon. Ralph Palewsky, member of municipal council for St. Thomas and St. John, and so forth; and Hon. Jacques M. Schiffer, member

at large, municipal council of St. Thomas and St. John, and so forth; requesting the Congress to pass certain legislation; also statements from each of the petitioners supporting the petition.

Unanimous consent was granted that the petition be printed in the RECORD, and that the statements of the delegation be referred to the Committee on Territories and Insular Affairs of the Senate for appropriate action.

It has since been deemed advisable that the statements also be printed in the RECORD. I, therefore, ask unanimous consent that the petition of the delegation, together with the statements of the members thereof, be printed in the RECORD.

There being no objection, the petition and accompanying statements were ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., April 18, 1939.

PETITION TO THE CONGRESS OF THE UNITED STATES

Whereas heretofore, and on the 19th day of November 1938, and the 21st day of November 1938, respectively, the Legislative Assembly of the Virgin Islands of the United States, the duly constituted legislative branch of the government of the Virgin Islands of the United States, did resolve and petition the Congress of the United States as follows:

Resolution to petition the Congress of the United States to permit all internal-revenue taxes collected on liquors and articles arriving from the Virgin Islands into the United States to be credited to the municipal treasuries of the government of the Virgin Islands

Be it resolved by the Legislative Assembly of the Virgin Islands of the United States in session assembled:

1. Whereas all liquors and articles produced in the Virgin Islands and transported to the United States are subject to the Federal internal-revenue tax provided in the United States Code, title 26, section 1470 (February 24, 1919, ch. 18, sec. 1304, 40 Stat. 1142); and

Whereas it is provided by title 26, section 1463, "Deposit of internal-revenue collections: All internal revenue collected in and for account of the Philippine Islands shall accrue intact to the general government thereof and to be paid into the insular treasury (June 17, 1930, ch. 497, sec. 301, 46 Stat. 686)"; and

Whereas it is also provided by United States Code, title 26, section 1430, subsection (c), "Deposit of internal-revenue collections: All taxes collected under the internal-revenue laws of the United States on articles produced in Puerto Rico and transported to the United States, or consumed in the island, will be covered into the treasury of Puerto Rico (March 2, 1917, ch. 145, sec. 9, 39 Stat. 954; May 17, 1932, ch. 190, 47 Stat. 158)"; and

Whereas the basic industries of the Virgin Islands are the production of rum and sugar and the revenues derived from these two items would greatly enhance the rehabilitation of the Virgin Islands and their self-support: Now, therefore, be it

Resolved by the Legislative Assembly of the Virgin Islands of the United States in session assembled, That the Congress of the United States be, and is hereby, petitioned to enact legislation to authorize the deposits of all internal-revenue collections on liquors and articles produced in the Virgin Islands and transported into the United States to accrue intact and to be paid into the municipal treasury of that municipality of the Virgin Islands where the articles were manufactured and from where they were shipped; and be it further

Resolved, That copies of this petition be forwarded to the President of the Senate, Speaker of the House of Representatives, Secretary of the Department of the Interior, the Secretary of the Treasury, chairman of the Senate Committee on Territories and Insular Affairs, and chairman of the House Committee on Insular Affairs.

Thus passed by the Legislative Assembly of the Virgin Islands of the United States, St. Thomas, November 19, 1938.

FREDERICK D. DORSCH, Chairman.
PAUL E. JOSEPH, Secretary.

RESOLUTION

Whereas the Territory of Hawaii, and Puerto Rico, and other sugar-producing areas enjoy the benefits of the Sugar Act of 1937, with particular reference to the sugar-processing tax; and

Whereas the sugar producers of the Virgin Islands constitute the largest source of municipal revenues for the maintenance and operation of the government of the Virgin Islands and represent the main wealth-producing industry in the Virgin Islands; and

Whereas recent and severe droughts and other climatic conditions over which we have no control have given a serious blow to this most hazardous industry; and

Whereas the return of the sugar-processing tax to producers in the Virgin Islands would greatly aid in the rehabilitation of the sugar industry: Now, therefore, be it

Resolved by the Legislative Assembly of the Virgin Islands in session assembled, That the Congress of the United States be, and is hereby, petitioned to enact legislation to authorize the return to producers in the Virgin Islands of the sugar-processing tax collected on sugar exported from the Virgin Islands of the United States and to make applicable to the Virgin Islands all the benefits of the Sugar Act of 1937; and be it further

Resolved, That copies of this resolution be forwarded by the chairman of the legislative assembly to the President of the Senate, Speaker of the House of Representatives, Secretary of the Department of the Interior, the Secretary of the Treasury, the Secretary of Agriculture, chairman of the Senate Committee on Territories and Insular Affairs, and the chairman of the House Committee on Insular Affairs.

Thus passed by the Legislative Assembly of the Virgin Islands of the United States, St. Thomas, November 21, 1938.

FREDERICK D. DORSCH, *Chairman*.
PAUL E. JOSEPH, *Secretary*.

Whereas the respective municipal councils of St. Thomas and St. John, and St. Croix, did, on or about the 31st day of January 1939, elect members of the said legislature delegates to the Congress of the United States to present justifications demonstrating absolute necessity and urgency for congressional enactment of the premises contained in the foregoing resolutions; and

Whereas we, Lionel Roberts, Frederick D. Dorsch, Joseph Alexander, Ralph Palewonsky, and Jacques M. Schiffer, the duly elected representatives of the people of the Virgin Islands, on behalf of the people of the Virgin Islands did request the Honorable WILLIAM H. KING to introduce in the Senate on March 3, 1939, Seventy-sixth Congress, first session, S. 1685, and the Honorable ROSS COLLINS to introduce an identical bill in the House on March 6, 1939, Seventy-sixth Congress, first session, H. R. 4773, which Senator KING and Congressman COLLINS did so introduce, and entitled:

"A bill to authorize the appropriation to the government of the Virgin Islands of the United States of taxes collected under the internal-revenue laws of the United States on liquors and other articles imported into the United States from the Virgin Islands; the return to the producers in the Virgin Islands of the benefit payments on sugar imported from the Virgin Islands to the United States under an act of Congress known as the Sugar Act of 1937; and also the repeal of the export duty on sugar in St. Croix, V. I."

Wherefore come your petitioners and respectfully pray the Congress of the United States to enact such legislation as introduced and above quoted, upon and for the reasons presented by the members of this delegation as justifications therefor and as hereinafter contained.

For the people of the Virgin Islands of the United States.

By the Virgin Islands delegation to Congress.

LIONEL ROBERTS, *Chairman*.
FREDERICK D. DORSCH.
JOSEPH ALEXANDER.
RALPH PALEWONSKY.
JACQUES M. SCHIFFER, *Counsel*.

The statements presented by Mr. TYDINGS are as follows:

STATEMENT AND TESTIMONY OF HON. LIONEL ROBERTS, CHAIRMAN OF DELEGATION, MEMBER AT LARGE, MUNICIPAL COUNCIL, ST. THOMAS AND ST. JOHN, CHAIRMAN, MUNICIPAL COUNCIL, ST. THOMAS AND ST. JOHN, VICE CHAIRMAN, LEGISLATIVE ASSEMBLY FOR THE VIRGIN ISLANDS, MEMBER OF MUNICIPAL COMMITTEE OF ST. THOMAS AND ST. JOHN

JUSTIFICATIONS BEFORE THE CONGRESS OF THE UNITED STATES FOR THE RETURN TO THE VIRGIN ISLANDS OF THE INTERNAL REVENUE TAXES COLLECTED ON LIQUORS AND OTHER ARTICLES ARRIVING FROM THE VIRGIN ISLANDS INTO THE UNITED STATES; THE RETURN TO THE PRODUCERS IN THE VIRGIN ISLANDS OF THE BENEFIT PAYMENTS ON SUGAR EXPORTED FROM THE VIRGIN ISLANDS UNDER AN ACT OF CONGRESS KNOWN AS THE SUGAR ACT OF 1937; AND, THE REPEAL OF THE EXPORT DUTY ON SUGAR PRODUCED IN THE VIRGIN ISLANDS

Our Virgin Islands delegation comes before your committee, this august representative body of Congress, to pray for the return to the Virgin Islands of the internal revenue taxes on liquors arriving from the Virgin Islands into the United States; and for the return to the producers in the Virgin Islands of the benefit payments on sugar exported from the Virgin Islands under an act of Congress known as the Sugar Processing Act of 1937. Both these items have by precedence demonstrated that except for the Virgin Islands all other outlying Territories and possessions of the United States enjoy the benefits of their returns (particularly those Territories and possessions which manufacture and grow liquors and sugar, respectively).

There was a period in the recent history of the Virgin Islands when the generous hand of the American people through the Congress of the United States contributed Federal money grants yearly to cover expenses incident to the occupation of the Virgin Islands; these contributions were known as deficiency appropriations to the budgets of the municipality of St. Thomas and St. John, and the municipality of St. Croix. These were yearly grants which throughout the years from 1918 to 1930, ranged from \$343,000 to \$240,000; they were grants given the naval administration of the Virgin Islands, and, exclusive of salaries paid by the Department of the Navy to the Navy personnel in the islands, including those placed as directors and heads of the various administrative offices and departments.

In the year 1931, by an Executive order of the then President of the United States, Herbert C. Hoover, the administration of the Virgin Islands was declared by him changed from a naval to that of a civil form of government.

With the induction into office of the civil personnel came all the politics accompanying it. The deficiency appropriations saw

rapid decreases as governmental agencies were established with millions of dollars of Federal moneys; these agencies having guaranteed to substitute the deficiency appropriations with the revenues and benefits expected. To date, these governmental agencies have signally failed of their respectively promised results; the facts to be presented before your committee will demonstrate that the Virgin Islands are left to struggle for themselves and from the economic standpoint success is a foreordained physical impossibility.

The strong minority which clamored for this form of civil government did not properly weigh the difference between a democratic and that of a paternalistic form of government. The minority's imagination was distorted to the point of a belief that democracy and its principles could be acquired without responsibility. At this time the minority is conceding and acknowledging the fact that a serious error was accomplished when the civil form of government was promulgated the way it has been, and the mistake has proved itself time and again within the past 8 years, even from that time when President Hoover on his visit proclaimed the Virgin Islands an effective poorhouse.

The economic depression which began in the year 1929, and on a national scale served to cripple big business and distress most of the so-called well-to-do people of the United States, did not extend itself to the people of the Virgin Islands until the years from 1931 to 1933. What, with a new and inexperienced local administration, was likely to occur, and would have happened had it not been for the advent and application of the National Recovery Act (acknowledged shortcomings notwithstanding), is better left unsaid. Sufficient to say, however, that the incomes of the people in business in the respective municipalities had dwindled to such extent that the necessary cost of upkeep of government was alarmingly threatened. There was no gainful occupation to which the working and laboring elements could resort in support of themselves and their families greatly dependent upon their resources.

During the latter part of the year 1933 and the early part of the year 1934 the glad hand of the N. R. A. was extended to the Virgin Islands, and so much money was meted out to them that even the "small change" that fell from the millions of dollars spent so injudiciously by the Relief Administrator (responsible only to the Federal Government) gave welcome relief, despite the meager wages paid to the laborers and workers.

Most of this money was granted to the Virgin Islands with the understanding that it would serve to rehabilitate the islands through plans proposed and submitted by the then superior authority of the islands.

These plans were calculated to help the Virgin Islands in efforts to become self-supporting by construction of such projects which, when operating, would yield returns of adequate revenues to take up and minimize the yearly Federal deficit appropriation grants in the same proportion as the revenues from the projects advanced, provided that the sum to be reduced was not more than \$20,000 yearly. Here, then, is where the serious problem of rehabilitation began; that problem's solution which would be made of avail and under which the local construction projects would take care of the loss of the Federal deficiency appropriations.

Early in the year 1934, the then Colonial Council of St. Thomas and St. John passed an ordinance proposed by the Governor of the Virgin Islands, "creating a corporation known as the Virgin Islands Co.; to establish and define its powers and for other purposes." This corporation grew out of a grant of \$1,000,000 set aside by His Excellency, Franklin D. Roosevelt, President of the United States, for the rehabilitation of the rum industry in the Virgin Islands. In the ordinance is specifically stated the use to be made of profits accruing to the company. Section 3 (a) states:

"To aid in effecting the economic rehabilitation of the Virgin Islands of the United States and to promote the general welfare of the people of the Virgin Islands of the United States and to exercise all of the powers conferred upon it herein in order to so advance and accomplish such economic rehabilitation and promotion of the general welfare."

Section 3 (b) continues, and states:

"To acquire or assist in acquiring in any manner, disposing of in any manner, construct, build, establish, drain, equip, operate, maintain, improve, administer, and supervise any buildings, plants, mills, factories, forests, parks, mines, industries, power plants, farm gardens, orchards, dairies, agricultural processing enterprises, market agencies or other improvements and facilities, or any other enterprises or activities of any kind necessary or desirable to the economic well-being of the inhabitants of the Virgin Islands, and to perform any other necessary or desirable operations or functions in connection therewith."

The two subsections (a) and (b) as outlined, present a glowing picture of things desired and intended to be done in the Virgin Islands, for the Virgin Islands and its people. The things enumerated in the ordinance herein mentioned dating back to the year 1934 were extremely necessary at that time as a means for the rehabilitation of the Virgin Islands. Since they remain undone in the present year of 1939 there is sufficient reason for this delegation to appear before you honorable gentlemen to seek your aid in behalf of the people of the Virgin Islands which it represents.

Section 12 of this ordinance creating the corporation reads:

"The principal office of the corporation shall be located within the municipality of St. Thomas and St. John. All books, records, papers, documents, and files of the corporation shall be kept at the said principal office of the corporation and shall at all reasonable times be opened for the inspection of every stockholder of the corporation or his duly constituted agent or representative."

Despite this provision in section 12 the Virgin Islands Co. operates solely in the island of St. Croix, and little or no part of its activities are known to have come to St. Thomas and St. John.

While the Virgin Islands Co. and its capital operates solely in St. Croix, a project known as the Blue Beard Castle Hotel operates in St. Thomas under the same premise of contributing its profits to take care of the loss of the yearly Federal deficiency appropriations. That these projects have proved themselves to be economic failures—perhaps because of unforeseen and adverse circumstances—stands out unmistakably. Failures not only from the standpoint of being unable to operate for such extensive profits, but failures because they were never able to substitute revenues for the loss of the Federal deficiency appropriations and are in no wise equipped to assist the yearly municipal budgets. Failures which because of their blind assurances have lost us both the Federal deficiency appropriations and that which we should have obtained through the activities of the Virgin Islands Co. and the Blue Beard Castle Hotel, thus leaving us to face undue hardships, crippling the income of the small percentage of taxpayers constituting less than 10 percent in either municipality and impairing the economic status of the islands.

The people of the Virgin Islands are fully cognizant of the fact that the generosity of the Congress and the American people should not be expected to continue as a "beginning without an end." The saying that "God helps those who help themselves" becomes more active and alive each day to those of us who can appreciate its true significance. There are times in life when we are made helpless even though we are able to perform such obligations as should by their nature carry monetary compensations, but since no such compensations are available we cannot help ourselves and are bound to solicit such help as may tide us along. There are other times when opportunity points the way for us to help ourselves, such opportunities are then to be vigorously pursued.

I have taken this course mainly to present the background of our case before you, Mr. Chairman and honorable members of this committee, to illustrate our present position from the economic standpoint. We have been assisted by Federal deficiency appropriations for a period of about 22 years. We have also during the past 5 years been receiving contributions in goodly amounts from certain Federal relief measures. We have followed the tendency of the Congress to discontinue the yearly contributions to cover deficits in our budgets of the respective municipalities. The rehabilitation projects have proved themselves incapable of the task of subscribing in any manner to the municipal budgets. We are now aware that insofar as the municipality of St. Thomas and St. John is concerned, the deficiency appropriation is discontinued as of and for the coming fiscal year 1939-40. The Federal relief program, which, to some degree, however small, is presently of benefit to us, will also sooner or later come to a close if the present tendencies are observed.

The Virgin Islands do not receive benefits under the vocational and educational grants-in-aid acts; they do not receive benefits under the Federal highway acts; they do not receive benefits under or by virtue of any other grants-in-aid acts. Our special problems and their special needs in the fields of education, sanitation, public health, pensions, and allowances to provide for our poor and needy were acquired by the United States when the Virgin Islands were purchased in 1917. We cannot too strongly emphasize the fact that we were not taken by conquest, but gladly became citizens of the United States through a transfer which was most welcome. We have no desire other than to be loyal Americans and to live and die for America. It is true that our needs can no more be met now by our local government than they were when the islands belonged to the Kingdom of Denmark.

What with the changed economic conditions caused by the World War of 1914 and the many essentials necessary to measure up to the ideals and principles of true democracy, our local government should not be required to live up to an American standard of education, sanitation, public health, pensions, and allowances to provide for the needy if it is not to be given financial assistance for those purposes.

Many of the public buildings that for years have been neglected now require substantial rehabilitation. Hospitals, schools, sewer systems, water-supply systems, drainage works, road and street improvements all must be rebuilt, continued, and expanded if the Virgin Islands are to meet the requirements of modern civilization. Continued progress along these lines can be accomplished if the same treatment is accorded to the Virgin Islands as that presently given to Puerto Rico and the Philippine Islands. The reappropriation of the internal-revenue tax collected on liquors and other products manufactured in the Virgin Islands sold and collected in the United States will furnish the means for this continued progress.

Amendments agreed upon and found necessary will be submitted in bill form and read into the record as my closing remarks. The tax on raw sugar produced in the Virgin Islands and imported into the United States is not returned to the Virgin Islands as is the case with sugar produced in any other Territory or area of the United States. Unfavorable climatic conditions with frequent droughts of a prolonged nature make sugar production a hazardous business at best. It is as yet the only substantial agricultural industry which gives employment in the island of St. Croix. Because of the unfavorable climatic conditions, coupled with unfavorable freight rates, it is especially appropriate for the benefit payments to be granted to the producers in the Virgin Islands, same as accorded sugar growers elsewhere under the American flag.

For these reasons we are here before this august committee in a sincere and earnest endeavor to convince you gentlemen that we fully realize the growing, threatening economic situation facing

us and to seek your kind and sympathetic support in a prayer that you recommend unconditionally the return of these taxes to us, thereby giving us the opportunity to help ourselves in the same nature as our neighboring Territory, Puerto Rico; in the interests of justice we seek equal treatment as accorded that Territory.

In the absence of other benefits which have not been made available to the Virgin Islands, among which at this time is included the Federal deficiency appropriation given to the Virgin Islands during the past 22 years, it is appropriate that favorable consideration be given to the return of the internal-revenue taxes collected on liquors and articles arriving in the United States from the Virgin Islands, and that they be credited to the municipal treasuries of the government of the Virgin Islands; also the return to the producers in the Virgin Islands of the sugar-processing tax collected on sugar exported from the Virgin Islands under the Sugar Act of 1937.

By act of Congress of March 3, 1917 (39 Stat. 1132), an export duty of \$6 per ton was levied on sugar produced in the Virgin Islands and exported from the Virgin Islands regardless of destination. Similarly, under the Danish occupancy and law of long standing, the tax of similar rate falls on molasses and other sugar products. At present sugar prices this duty constitutes a charge upon growers ranging between 10 and 15 percent of the gross receipts. Not only should benefit payments under the Sugar Act of 1937 be extended to sugar growers in the Virgin Islands but all export duties on sugar and sugar products should be repealed so that the sugar industry, which is the greatest employer of labor, may be permitted to survive.

It is to be noted that the \$6 per ton levied on sugar produced in the Virgin Islands reverts to St. Croix and is one of its major revenues collected for budgetary purposes. It is, therefore, obvious that only on the return of the internal-revenue tax and the inclusion of the Virgin Islands to the benefits of the payments under the Sugar Act of 1937 can the sugar export duty be repealed as a welcome relief to the sugar industry of the island, and more especially to homesteaders and squatters.

The bills introduced by Mr. KING in the Senate on March 3, 1939, Seventy-sixth Congress, first session, S. 1685, and Mr. COLLINS in the House, Seventy-sixth Congress, H. R. 4773, on March 6, 1939, at our request, "a bill to authorize the appropriation to the Government of the Virgin Islands of the United States of taxes collected under the internal-revenue laws of the United States on liquors and other articles imported into the United States from the Virgin Islands; the return to the producers in the Virgin Islands of the benefit payments on sugar imported from the Virgin Islands to the United States under an act of Congress known as the Sugar Act of 1937; and also the repeal of the export duty on sugar in St. Croix, V. I." are, after conferences between the Department of the Interior and the delegation from the Virgin Islands, found to be lacking in some particulars. We, therefore, after having unanimously agreed on amendments to the bill in order to secure more definite specifications and tractable jurisdiction, hereby submit these amendments, praying that they be incorporated in the bill before you gentlemen and reported out favorably by your august committee. The bill, when rewritten in amended form, will read thus:

"A bill to provide revenue for the government of the Virgin Islands by covering into the insular treasury the proceeds of the tax collected under the internal-revenue laws of the United States on articles of Virgin Islands manufacture coming into the United States, to aid those engaged in the production of sugar in the Virgin Islands, to repeal the export duties now in effect for the Virgin Islands, and for other purposes

"Be it enacted, etc., That it is the policy of Congress (1) to establish the municipal governments of the Virgin Islands on a self-sustaining basis and (2) to aid the development of agriculture in the Virgin Islands.

"Sec. 2. The proceeds of the tax levied, collected, and paid in the United States under section 3350 (a) of the act of February 10, 1939 (Public. No. 1, 76th Cong., 1st sess.), entitled 'An act to consolidate and codify the internal-revenue laws of the United States,' on articles of Virgin Islands manufacture coming into the United States shall be covered into the treasury of the Virgin Islands and held in account for the municipality in which such articles were produced, to be expended in accordance with the provisions of section 35 of the organic act of the Virgin Islands of the United States (49 Stat. 1816).

"Sec. 3. The proceeds of the tax collected under title IV of the Sugar Act of 1937 (50 Stat. 912), on sugars produced in the Virgin Islands and brought into the United States shall be covered into the treasury of the Virgin Islands and held in account for the municipality in which such sugars were produced, and shall be expended by such municipality for benefit payments to growers of sugarcane in the Virgin Islands * * * in amounts which shall be proportionate to the weight of sugarcane grown by such growers and processed into raw sugar in the Virgin Islands.

"Sec. 4. On and after the date of the approval of this act no export duty shall be levied, collected, and paid upon the exportation of sugar to any foreign country, or the shipment thereof to the United States or any of its possessions, from the Virgin Islands. The provisions of section 4 of an act entitled 'An act to provide a temporary government for the West Indian Islands acquired by the United States from Denmark by the convention entered into between said countries on the 4th day of August 1916, and ratified by the Senate of the United States on the 17th day of September

1916, and for other purposes,' approved March 3, 1917 (39 Stat. 1133), as amended by section 5 of the act of February 25, 1927 (44 Stat. 1235), and the act of June 24, 1932 (47 Stat. 333), directing the levy, collection, and payment of an export duty of \$6 per ton of 2,000 pounds, irrespective of polariscope test, upon exportation of sugar to any foreign country, or the shipment thereof to the United States or any of its possessions, from the Virgin Islands; all local laws and ordinances providing for the levy, collection, and payment of an export duty on other articles exported or shipped as aforesaid from the Virgin Islands, which were continued in force and effect by section 2 of the act approved March 3, 1917, and section 18 of the organic act of the Virgin Islands, approved June 22, 1936 (49 Stat. 1807), and the provision of section 36 of the organic act authorizing the reduction, repeal, or restoration of export duties in effect on the date of the enactment of said act by ordinance of the municipal council having jurisdiction, are hereby repealed."

STATEMENT AND TESTIMONY OF HON. FREDERICK D. DORSCH, CHAIRMAN, LEGISLATIVE ASSEMBLY; CHAIRMAN, MUNICIPAL COMMITTEE OF ST. CROIX; MEMBER, ST. CROIX MUNICIPAL COUNCIL FOR TOWN OF FREDERIKSTED, ST. CROIX

ST. CROIX ECONOMIC SITUATION

There seems to be a wide discrepancy between the facts and the senatorial conception of the actual economic status of St. Croix, V. I. As a representative of the people, I propose for a few minutes to present in clear, simple language the actual conditions as they exist and substantiate each statement with figures. These figures are available from the files of the Government in St. Croix and can be checked by anyone interested in doing so.

As you know, the Danish state was contributing funds to run the government of the Virgin Islands in 1916, when we took them over to prevent Germany's securing control over them. When the islands were transferred to the United States on March 31, 1917, Congress was confronted with the problem of financing the government of the Virgin Islands. It must be remembered that on transfer day the new standards of living had not been introduced. An expensive type of administration was unknown, and yet the Danish state was compelled to contribute to the upkeep of the Virgins.

The sugar industry as then operated did not provide sufficient revenues by taxation to meet the cost of maintaining the St. Croix schools, hospitals, public works, police courts, police forces, and the like. Therefore, it was necessary to supplement the income from taxes with annual appropriations from Congress to provide sufficient revenue to pay the cost of the St. Croix municipal government. In the 16 years from 1923 St. Croix has raised a total in taxes of \$1,963,779.72 and Congress has donated in the same 16 years the sum of \$1,713,635.56, or nearly one-half the cost of the government. Today St. Croix is raising annually \$90,000 more local taxes than it did 10 years ago. With the small population of St. Croix this tax increase equals \$7 per capita. There is nothing more to tax. Taxes cannot be increased. To do so would mean municipal confiscation for delinquency.

The work-relief programs on roads and public buildings, the work provided by the Federal homestead house construction, and the work-relief program of the Virgin Islands Co. have increased temporarily the spending power of those employed, with the resulting ratio of increased revenues. Work-relief programs, etc., make a temporary picture that is misleading. Relief money spent on roads and other public improvements removes from the local budget temporarily these expenses, but they do not actually eliminate, eventually, the problem of maintenance which will fall directly back on the local treasury when the \$20,000 a month relief money ceases. It is false economics to plan a stability on temporary relief projects which of necessity cannot continue forever. Should we even grasp the glimmering hope of permanency in relief projects established for rehabilitation, we find that their total expenditure only replaces the pay rolls which were discontinued when the Bethlehem sugar factory and sugarcane estates went into liquidation in 1930, and it must be remembered that in 1930 the Federal deficit contribution was \$99,000.

From 1922 to 1936 the Federal deficit contributions ranged between a minimum of \$77,000 and a maximum of \$243,000. The average for those 14 years was \$115,570. For 1937 it was reduced to \$60,000, for 1938 to \$50,000, and for next year to \$30,000. As these recommended progressive decreases occurred they were not balanced by increasing revenues from additional resources. There are no undeveloped resources in the Virgin Islands. There is nothing natural to supplement the reduction in aid. We must rely upon such artificial sources as relief cited above. There is no way in the island to make up for such drastic reductions without inconceivable curtailment of services required by humanity and decency.

The recent progressive decreases in Federal deficit contributions have apparently been based upon presumption that offsetting increases in municipal revenues would result from rehabilitation projects in the Virgin Islands. In St. Croix no such increases have yet resulted. They should not have been anticipated without factual data in support. They are not likely to occur in the near future. Regardless of the conception you gentlemen may have concerning our ability to balance our municipal budget, it is impossible to do so under the present circumstances. This fact is attested to by submitting a copy of the Governor's budgeted estimates of income and expenditure for the coming fiscal year and part of his justification. Therein you will find that he presents

to the municipal council of St. Croix a budget with a shortage of \$152,096. From this is to be subtracted your contribution of \$30,000, and we yet have a deficit of \$122,096 handed to us by the Governor himself. Gentlemen, you have been shown that St. Croix now bears a per capita tax increase of \$7 over 10 years ago. Where, under the sun, can we find this additional \$10 per capita to balance the deficit handed us by the Governor? Justification for this budget states: "These estimates are arrived at by a study of comparative figures for the full years of 1936-37 and 1937-38; the revised estimates of receipts for the fiscal year 1938-39 based upon 8 months' actual receipts and normal expectancies for the next 4 months; and a detailed study of the specific items as they are likely to be affected by legislation already enacted and by local economic conditions." These estimates are neither optimistically inflated nor pessimistically deflated."

When the West Indian Sugar Factory went into bankruptcy in 1930 the American Red Cross came to St. Croix to feed nearly 80 percent of the people, establishing the fact that there was no substitute for the stable industry of the island and only stimuli could maintain her. From the Red Cross we shifted to relief; after relief, what?

It will be remembered that during prohibition the once famous St. Croix rum business could not be developed. St. Croix was left to rely entirely upon sugarcane cultivation for the manufacture of raw sugar, and without the rum business the West Indian Sugar Factory failed. The land had grown back into bush and the mills rusted and became obsolete.

The Government sought rehabilitation projects for St. Croix. Two of economic significance have been established—Federal homesteading and the Virgin Islands Co. While homesteading has greatly improved the living standards and hopeful outlook of 400 families rescued from economic serfdom, it has as yet made no appreciable contribution to municipal revenues except by increasing cane production and consequent sugar-export tax over and above the former production of laborers and squatters. On the other hand, 3,000 acres of land transferred to Federal ownership, until paid for, have temporarily reduced land and property taxes at least \$2,000, and their sugar production has only been a participation in the partial restoration of the sugar business that went into decline after 1929.

The Virgin Islands Co., which began its reclamation of abandoned land and sugar factories 4 years ago, has only been in production for 2 years—lean years of drought. Its full production as now planned will, under normal conditions, only restore St. Croix' employment and sugar production to that of a decade ago. Congress authorized the company to pay all taxes on these properties of the United States as well as the taxes on all business conducted by the company. Those taxes and fees have been most acceptable to the Treasury, totaling for last year \$35,632, but here again we discover that they only equal the taxes and fees paid by the Danish West Indian Co. 10 years ago and do not present any additional revenues for maintenance of the municipal government.

The economic situation in St. Croix is a most difficult one, with the sugar industry confronted with the very low price of sugar—around \$2.75 per 100 pounds. The freight rates are too high to afford legitimate competition. Our freight rate is 21 cents per 100 pounds, as compared with Puerto Rico's rate of only 15 cents. Our sugar yield per acre is perhaps the lowest in the world, equaling less than a ton of sugar per acre, as compared with Puerto Rico's yield from 4 to 7 tons per acre. We have a high, un-American export duty of \$6 per ton on raw sugar from St. Croix. There is no export duty on other American sugars. Congress did not extend the sugar benefit payments to St. Croix as it did to other sugar-producing areas. On the 1939 estimated crop of only 4,500 tons of raw sugar, with the benefits averaging about \$10 per ton, this would amount to \$45,000, so sorely needed by the St. Croix small sugar growers, who produce about 61 percent of the cane. During the past 4 years, by collective bargaining, wages have increased more than 60 percent. The Fair Labor Standards Act of 1938 will give an increase of an additional 100 percent, and more for many of those producing goods for interstate commerce. It is not difficult, therefore, to understand why the lands of many persons are going out of cultivation. Small growers have become discouraged, and many fields are full of grass and weeds with few signs of planting sugarcane during the coming fall unless some succor is offered them.

The World War, the decline in sugar prices, the increase in wages, the increase in freight rates, the increase in the cost of living, the increase in the cost of government, the hurricanes of 1916, 1924, and 1928, and the bankruptcy of the West Indian Sugar Factory brought upon the people of St. Croix the acute situation which caused a desperate struggle for economic existence.

The Virgin Islands Co. and the Federal Homestead program have attempted to reestablish part of St. Croix' lost sugarcane industry. But to balance the St. Croix municipal budget on the export duty laws would require more raw sugar than the island can produce annually under present-day conditions. A 10-year analysis furnishes the economic factors to prove this statement. From 1929 to 1938 the average sugar export duty on raw sugar at \$6 per ton has equaled only \$28,062.08. The annual average of other tax income for that same period is \$100,272.40 making an average total of \$128,334.48. If we add to that the average annual deficit appropriation for those 10 years, which equals \$89,810.15, we find the average cost of government is \$218,144.63. On these figures we can see that if the average sugar export tax has been only \$28,062.08 and that we need the decreased deficiency appropriation

overbalanced by additional sugar export it would require 14,968 more tons of sugar exported. That means an annual tonnage shipped of 19,645 tons and you must remember that our entire sugar quota is only slightly more than 9,000 tons.

The export of raw sugar from St. Croix averaged between 1900 and 1934, for 35 years, only 7,513 short tons. Therefore, it is readily seen that it is not possible to balance the St. Croix municipal budget by raising sugarcane and taxing raw sugar under the provisions of the existing laws providing for the \$6 per ton export duty, even if land were available and the costs were reasonable enough to encourage growing of sugarcane again on such a large scale. For the present year there are 939 growers who have planted 4,439 acres from which are estimated about 4,500 tons of cane.

We then must look to another industry to assist in filling the financial gap caused by the decreased Federal deficit appropriations. The solution seems to be in the rum business of the islands. This is centered in five distilleries known as A. A. Rulse, Clifton Hill, Hermon Hill, Diamond, and the Virgin Islands' Co., with someone stating that three-fourths of the rum manufactured is by unaided, independent producers. Exact figures for the small distillers were not available, but the Virgin Islands' Co. sales to December 31, 1938, represent 33,339 proof gallons delivered to the United States importer.

Having based our figures on a 10-year average, we saw that an average of at least \$117,872.23 is needed each year to replace the export duty and the annual congressional St. Croix municipal deficit appropriation. The \$2.25 per gallon United States internal-revenue tax on rum already provides sufficient revenue to replace the \$117,872.23. It is believed that the distillers have already established sufficient commerce so that it is reasonable to assume that the taxes on this business, if returned to St. Croix, would balance the municipal deficit. Congress has only to extend the law to the Virgin Islands as it did to Puerto Rico and both of our municipalities could maintain their municipal governments, it is believed, without annual deficit appropriations if there is no decrease in rum sales.

The St. Croix small grower is also discriminated against by the \$6 per ton export duty. When Congress encourages these small growers by repealing the export duty and extending the raw-sugar benefit payments to the Virgin Islands, as it has already done for the others in the cane industry under the American flag, then the people of St. Croix will raise sugarcane and furnish themselves with employment.

We need about 16,000 acres in sugarcane to solve this economic problem. Growers can only plant more cane if their income is increased by the benefits from the sugar-processing tax and their production costs reduced by the repeal of the \$6 export duty. Future development of the homesteading project depends upon making it possible for the independent grower not only to stay in business but to increase his cultivation.

Whim and Princess homesteads have produced an average of about 766 tons of raw sugar per year for 5 years. With the \$6 export duty and no law extending the benefit payments from the sugar processing taxes, it is estimated that these 267 homesteaders have been deprived of an average of \$13,788 per year for the years of the processing-tax law. Knowing this, it is not difficult to understand why the homesteaders were \$7,317.43 in arrears on their land and house purchase installments as of July 1, 1939, or why they have nearly \$14,000 outstanding cultivation loans to repay.

The ruinous drought of 1938 caused arrears and unpaid cultivation loans to be high. One can determine from these figures that the average yield per acre and the net income per homesteader are both very low. It is essential that the discrimination against the St. Croix grower of sugarcane be discontinued so his net income can be increased. The repeal of the export duty and extension of the benefit payments will increase his net income nearly \$16 for every ton of raw sugar he produces. Then he should not be in arrears with his obligations. The enactments of the Virgin Islands' bill which we are discussing will aid the grower of sugarcane directly so he can pay his present debts and make a living from his labors. This is preferable to relief, which tends toward the perpetuation of poverty.

We urge that this bill be adopted and enacted. It provides for two important fundamentals of good government:

1. It makes it possible for the small grower to earn a living by his own labor, and the community itself can furnish employment for its people which will eventually replace the thousands on relief.

2. It will make available to the treasury of the Virgin Islands the revenues from the taxes collected on articles of Virgin Islands manufacture so island legislators can provide for the costs of the schools, hospitals, institutions, sanitation, police, and the like as other island possessions do, thus anticipating the ending of the municipal deficit appropriations made annually since the United States Government acquired the Virgin Islands in 1917 for defense purposes.

Estimated revenues for the fiscal year from July 1, 1939, to June 30, 1940

I. DIRECT TAXES	
1. Real property tax.....	\$52,000
2. Income tax.....	8,000
3. Road fund:	
(a) Automobile tax.....	\$8,000
(b) Gasoline tax.....	10,000
	18,000
	\$78,000

Estimated revenues for the fiscal year from July 1, 1939, to June 30, 1940—Continued

II. INDIRECT TAXES	
4. Import duty.....	\$8,000
5. Export duty.....	30,000
6. Ships' dues.....	3,500
7. Cranage and wharfage.....	3,000
8. Stamp dues.....	3,000
9. Vendue fees and percentages.....	500
10. Tax on inheritances.....	2,000
11. Court fees and fees from police office.....	4,000
12. Fees from burgher briefs, etc.....	1,700
13. Internal-revenue taxes:	
(a) Excise duty.....	\$9,000
(b) Internal revenues.....	6,000
	15,000
	\$70,700
III. SUNDRY REVENUES	
14. Fines and confiscations.....	1,200
15. Revenues from the prison.....	700
16. From municipality of St. Thomas:	
(a) Toward support of leper asylum.....	750
(b) Toward support of insane asylum.....	1,400
(c) Toward support poor farm.....	400
(d) Toward support penitentiary.....	500
17. Returns from sanitary work.....	2,800
18. Corporation fees.....	500
19. Fees from customhouses.....	350
20. Passport fees.....	100
21. Miscellaneous.....	5,000
22. St. Croix telephone service.....	7,000
	20,700
	\$169,400
Grand total estimated revenues.....	169,400
Grand total expenditures.....	321,496
United States contribution.....	30,000
Deficit, amount needed.....	122,096

STATEMENT AND TESTIMONY OF HON. JOSEPH ALEXANDER, MEMBER, MUNICIPAL COUNCIL OF ST. CROIX FOR TOWN OF CHRISTIANSTED AND SUBURBS, ST. CROIX; MEMBER, MUNICIPAL COMMITTEE, ST. CROIX; MEMBER, LEGISLATIVE ASSEMBLY OF THE VIRGIN ISLANDS

At a meeting of the legislative assembly convened in St. Thomas, V. I., last year, November, two resolutions were passed petitioning Congress to secure for the Virgin Islands the same treatment that has been granted to the neighboring territory of Puerto Rico with respect to the internal-revenue taxes, the extension of the benefit payment under the Sugar Act of 1937, and the repeal of the export duty on sugar.

In order to further this the municipal council of St. Croix, in collaboration with the municipal council of St. Thomas and St. John, passed a resolution sending a delegation to appear before the Congress for the purpose of giving information and urging such legislation as may be favorable to the islands tending to the restoration of economic conditions, mostly brought about by severe and prolonged droughts which have seriously jeopardized the sugarcane industry, which furnishes employment to the greatest number of people that live on the island of St. Croix. The Virgin Islands are divided into two municipalities, viz, the municipality of St. Thomas and St. John and the municipality of St. Croix. Each municipality has its legislative body. When they meet in joint session they constitute the Legislative Assembly of the Virgin Islands.

The islands of St. Thomas and St. Croix are worlds in miniature. Each of the islands has its own distinguishing features and characteristics and each its own background of romantic history.

St. Croix, as you may know, lives chiefly by agricultural pursuits. A large part of the island is flat and about 16,000 acres of its 51,000 acres of the total area is susceptible to cultivation. This means about a trifle more than one-third of the island's total area can be cultivated. The principal crop is and always has been sugarcane, and, with normal weather and fair prices for sugar, should produce in value about \$800,000. In addition to this we should produce on other areas not suitable for cane cultivation about \$40,000 worth of cattle. These are our most important industries at present. For many years sugarcane has been the only crop that has yielded anything for export.

The sugar crop depends entirely upon rainfall, and in absence of this the yield is low and the succeeding year's crops are hampered, as the profits, if any, depend on the first and second year's ratoon. On this account American private capital has been discouraged in investing in sugar property. Several years ago a firm by the name of Peabody & Houghteling, having offices in Chicago and New York; also a Boston sugar corporation operating in Puerto Rico as the Aguirre Sugar Co., were much interested in acquiring properties formerly owned by the West Indian Sugar Factory, now owned by the Virgin Islands Co., and after investigating were discouraged by the conditions they found. Two of the principal reasons that discouraged them from buying the properties were, first, the matter of irrigation, which was necessary, due to the extended droughts; the second, the export duty on sugar.

The population of St. Croix at the time of the transfer from Denmark to the United States was 15,000. In 1930 it dwindled to

10,000. It has again increased to 15,000. Due to the friendly aid of the Federal Government's rehabilitation program we have managed to find work for the people living on the island and discouraged them from emigrating as they did in years prior to 1930. Of this number practically 90 percent of the people of the island of St. Croix depend directly or indirectly on the sugar business for their existence. Therefore, when the sugar crop is affected by drought or other causes beyond control not only commerce suffers or the municipal government finances but the population as a whole.

Apart from the effects created by droughts on cane cultivation, the growers of sugarcane must pay an export duty on all canes sold to the sugar mill and processed into raw sugar. This tax at present amounts to \$6 per short ton. Formerly it was \$8 but was reduced to its present rate in 1927 when a similar delegation came to Congress from the island and advocated the repeal thereof. This tax was arbitrarily enacted by Congress in March 1917 just at the time the islands were to be actually transferred from one sovereignty to the other in order to offset the loss of revenue obtained from the import duty in effect on the island of St. Croix at the time and levied on goods imported from continental United States, the rate being approximately 16 percent ad valorem. The tax was not repealed in whole in 1927 when the island's legislature petitioned Congress on the matter because there was nothing concrete proposed to replace the largest contributing revenue in those years. During that period the sugar factories were unable to manufacture and develop a rum business because it was during the prohibition period that the act was in effect and applicable to the islands, thereby handicapping their economic existence. Before prohibition Santa Cruz rum had been world famous for 2 centuries. Today prohibition is repealed and the rum business is being slowly reestablished. The exportation of rum from the Virgin Islands, which is principally to the United States, and amounts at an annual rate of 100,000 to 150,000 gallons, would care for the export tax if the proceeds of the tax levied, collected, and paid in the United States under the internal-revenue laws of the United States on articles of Virgin Islands manufacture coming into the United States could be covered into the treasury of the Virgin Islands for the benefit of the municipality in which such articles were produced. Congress would then be relieved of appropriating money for the municipal deficits because collections from taxes would be sufficient to defray the cost of the local governments of the island and enable the legislatures for the municipalities to provide for the needs of the island's governments, which are many at present.

While the export duty might have proven a good substitute for replacing the revenues lost by the lifting of the tariff from goods made in the United States, it proved very harmful to the sugarcane industry, as in principle it worked out to be a direct tax on the sugar industry which rate ranged from 10 to 15 percent, based on the New York Produce Exchange quotation. For example, if the price quoted is \$3 per 100 pounds, the cost of a ton of sugar will be \$60. At \$6 per ton the export tax will be \$6, which is exactly 10 percent on the gross receipts of the sugar. You will admit that this tax is high. Apart from the rate of the tax in principle, the system is un-American and not obtainable in any other American territory. In the year 1936 President Coolidge while addressing the National Cotton Manufacturers' Association said in part, "That it was the practice of the United States not to impose export duties on primary products."

In 1930 conditions in the island became so serious that the entire economic structure was facing a collapse and the larger sugar estates and centrals began to fail. Those who did not fail found it very difficult to continue operation, due to the scarcity of labor, increase of wages, and unfavorable weather conditions and low sugar prices. They then began to turn their fertile lands into grazing land for cattle which required less capital, meant lower taxes, and very little labor if any to maintain. At the time land in cultivation or cane cultivation paid a tax of 70 cents per acre, whereas land in pasture or used for grazing paid 16 cents per acre. Uncultivated land paid almost no tax at all. Recently the tax on land has been changed by the local legislature to an assessed valuation basis. The American Red Cross at the time of this economic collapse had to come to the aid of the people and feed them. Finally the Federal Government, on the recommendation of its Federal agencies, who was investigating economic, social, and political conditions at the time recommended as a kind of solution to our economic ills the purchase of lands for cultivating sugarcane. The lands were bought and turned over to the agricultural laborers; most of them suffered unemployment, due to the failure of the largest sugar concern on the island. This then started the Federal homesteading program. The decline in cultivating lands for sugarcane began to show itself several years prior to this setback on the part of the large estate owners but did not become so eminent and effective until the West Indian Sugar Factory, Ltd., went into liquidation in 1930. This corporation ever since its existence from 1904 to 1930 was the main artery of business in St. Croix. They not only owned the best cane lands on the islands but produced two-thirds of the sugar crop at the time. The West Indian Sugar Factory was one of the creations arising out of the report made by the royal investigating commissioners, headed by Governor Nordelin, who visited the islands in 1902, sent out by the Danish Diet to suggest reforms for assisting the islands economically and otherwise. The seriousness of their failure may be mentioned by the fact that they gave employment to no less

than 1,000 persons which included not only agricultural laborers but other skilled and unskilled laborers, clerks, bookkeepers, mechanics, engineers, etc. At one time there were no less than 1,500 employed on their pay rolls.

Out of the economic collapse came not only the establishment of the Federal homestead program but also municipal homesteads. The municipal government established these in order to satisfy a craving demand for others unable to qualify under the rules and regulations set up for Federal homesteaders. With the progress of these homesteads the land began to return gradually from a state of wilderness into sugar cultivation, which caused an optimistic attitude to prevail. During the period of 4 years which began in 1930 and lasted until 1934 the government did everything possible to get private capital to take over the defunct properties of the West Indian Sugar Co. Private capital was scared and not interested for reasons previously mentioned, coupled with fear of the recent experience of what had happened to the largest sugar producers on the island.

The people and the government of the Virgin Islands realized that if the economic condition of the island of St. Croix was to be improved that the production of sugarcane would have to be increased through more extensive cultivation of the fertile soil available for the purpose. Impelled by this economic requisite, the government finally, through the paternal aid of the Federal Government, purchased the properties of the West Indian Sugar Co. Left idle for 4 years, the land had grown in bush, the mills rusted, and the buildings were in disrepair, in most instances unfit for occupation. They have since rehabilitated the property, cleared the lands, and put into cultivation approximately 3,000 acres of sugarcane land and reconditioned the mill.

The purchase of this property was therefore imperative if St. Croix should be returned to its former status, and the homesteading and small-growers program be made successful to survive, as homesteading and the Virgin Islands Co. are essential to each other's interests. Combined, the island's economic salvation depends on it.

The appellation of the Virgin Islands Co. was given to the corporation chartered by the Colonial Council of St. Thomas and St. John on April 16, 1934, to manage and operate these properties and to put them to economic use, thereby filling the gap so much needed to give relief employment and to supply those revenues so urgently needed by the municipal government. Since the existence of the company it has contributed in 1937 the sum of \$26,701.33 and in 1938, \$35,632.04 to the municipal treasury in taxes paid on export duty on sugar, rum, real property, licenses, and other fees. The Virgin Islands Co. processes its own canes and those bought from the homesteaders, small growers, and other sugar-estate owners into raw sugar. In order to make sugar growing profitable it is necessary to use its byproducts. It should bear in mind that in the days of prohibition the sugar growers were deprived of the income from the rum production, as the molasses which forms the by-product from which this is made became a total loss.

In St. Croix today we have 939 sugar growers, of which the Virgin Islands Co. produces 39 percent of the sugarcane, while the homesteaders and the other small growers produce the balance. The brunt of the entire economic structure, therefore, is borne by these two classes of growers. Optimism has existed from 1932 until the drought of the latter part of 1937. This optimism has changed to despair as the results obtained from the last sugarcane harvest. The small growers have become discouraged, and there is all just reason for this when you compare the results of 1937 with that obtained in 1938. In 1937 these small farmers produced 16,117 tons of sugarcane, valued at \$53,081, as compared with 6,121 tons, valued at only \$15,274, in 1938. This was exactly 25 percent of their 1937 income. Sugar production declined from 8,211 tons to 4,362 tons, while the price fell more than 20 percent. A loss of 47 percent in tonnage and about 60 percent in value. On account of this setback, discouragement exists among them, and many fields are being neglected, full of grass and weeds, with no signs of planting sugarcane during the planting time of 1938.

Outside of the Virgin Islands Co. who has recently planted 1,000 acres just at the time we had some favorable rains no other planting is being carried on to any great extent. Due to unfavorable weather conditions the average production of sugar amounts to 1 ton per acre in St. Croix while in Puerto Rico the average is 3.3 tons and 8 tons in Hawaii. Nature determines the economic situation in the island as far as agricultural results are concerned to a larger extent than man's wisdom and methods.

With the recent set-back due to unfavorable weather conditions which the small growers have met it means that he has been unable to meet his amortizing payments or to pay his rents if he so rents the land and not even means available to keep himself alive. In the preparation of the land for sugarcane cultivation he has to spread the cost over a period of 3 years before he can realize a small profit, if any. Here is an example of the average cost of preparing an acre of land for cane cultivation by the average small grower. First, preparing the land:

First plowing-----	\$2.50
First harrowing-----	1.00
Second plowing-----	2.50
Second harrowing-----	1.00
Banking-----	1.50
Total-----	8.50

Planting, cultivating, and harvesting, first crop per acre, which is called plant cane:

Cost of seed (using 5,000 seeds per acre, at \$2.50 per 1,000).....	\$12.50
Labor planting.....	2.50
Cost of seed (replanting).....	3.00
Labor.....	1.00
Weeding (5 times, at \$2.60 per acre).....	13.00
Cultivating.....	3.00
Harvesting.....	10.00
Transportation (1 cent per 100 pounds).....	4.00
Total.....	49.00

First ratoon crop per acre:

Lining trash.....	1.10
Cultivating bank (with mules).....	1.00
Weeding (3 times at \$2.66 per acre).....	8.00
Harvesting.....	6.00
Transportation (1 cent per 100 pounds).....	2.40
Total.....	18.50

Second ratoon crop per acre:

Lining trash.....	1.10
Cultivating bank (with mules).....	1.00
Weeding (2 times at \$3 per acre).....	6.00
Harvesting.....	4.00
Transportation (1 cent per 100 pounds).....	1.60
Total.....	13.70

On the basis of 20 tons of sugarcane per acre for the first reaping, which is known as the plant cane; 12 tons per acre for the second reaping a year after, which is known as the first ratoon; and 8 tons per acre for the third or second ratoon, we have the following results, viz:

First year, 20 tons at 12 cents per 100 pounds.....	\$48.00
Second year, 12 tons at 12 cents per 100 pounds.....	28.80
Third year, 8 tons at 12 cents per 100 pounds.....	19.20

Total..... 96.00

Gross yield, 3-year crop.....	96.00
Total cost for 3 years.....	89.70

6.30

With this balance he must pay \$3 per acre for amortizing payment if he owns the land, or \$5 per acre if he rents the land.

The price of 12 cents per 100 pounds of canes is equivalent to \$24 per short ton for sugar, which is the net amount recently paid to the grower of sugarcane to the Sugar Central. This price is computed from the Saturday quotation of the New York Produce Exchange as a basis to pay for canes delivered during the current week to the centrals buying the canes after deductions are made for commission, freight, shipping, landing charges, and export duty at the rate of \$6 per ton.

The freight charges are exorbitant in comparison to the rate paid by the Puerto Rican sugar shippers to New York. In Puerto Rico they pay 15 cents per 100 pounds on sugar, while in St. Croix we pay 21 cents per 100 pounds. The sugar shipped from St. Croix is taxed at the refineries and the tax amount is collected on St. Croix sugar, but the benefit payments do not go to the small growers or to the sugar companies who grow the canes in St. Croix. Therefore the industry has been discriminated against. The benefit payment would figure out for St. Croix approximately \$10 per acre for each small grower. With \$10 per ton sugar benefit going to the sugar grower and the repeal of the export duty on sugar, the grower should be \$16 at the maximum to the good; with his amortization payment or rental deducted he should have better profits than he now enjoys from the cultivation of the land. As soon as the small grower can operate profitably and not fall behind in his payments or neglect his cultivation and let it grow up with weeds and bush, then we will have an industry that can get along. Right now with the effects of the drought it will take them about 2 years to get back into full cultivation.

If economic conditions are to be definitely improved in the island of St. Croix, additional acreage of land will have to be cultivated. Presently we have only 8,000 acres of land in sugar cultivation. There are 8,000 more acres of fertile land available for this purpose. About 50 years ago the island cultivated in the vicinity of 20,000 acres, which gradually declined to 4,000 acres in 1933, which decline was due to a number of vicissitudes, some of which have been mentioned before.

To increase the acreage it is necessary to have the cooperation of the independent large landholders, some of which have turned their land into cattle ranches, while others allowed their land to remain idle. To make this possible it will be necessary to make the cultivation of sugarcane a profitable undertaking. This objective may be achieved by the repeal of the export tax and the payment of the proceeds of the tax collected under title IV of the Sugar Act of 1937. With the relief of the one tax and the benefit payment of the other, the planter might fare well by just breaking even in the event of a drought or with a small profit in the period of favorable weather.

Presently the Government of Great Britain has sent to the West Indies a royal investigating committee to investigate and report on the matter of social unrest and economic conditions in the British West Indies. They recently visited our islands for comparative study. While some of these British islands' ills may be ascribed to social conditions, eventually, in the final report of the committee, I am sure that their recommendations will center on the recommending of sugar subsidies for the smaller islands of the Windward and Leeward group similar to the subsidies granted to the British beet-root sugar industry. Unless this is done, the sugar planters of these islands will never be able to make a profit or pay a decent wage to their laborers. In the case of St. Croix, we ask for no sugar subsidy, but we ask that the island's industry be not discriminated against and unfavorable laws be repealed, as the economics of this industry determines the standard of living, and, unlike most other commodities which suffered in depression slumps, sugar has never fully recovered.

For more than 50 years the acquisition of the Virgin Islands was a subject of negotiations between the United States and Denmark. These negotiations began in 1865, during the administration of President Lincoln. He, impressed with their strategic value, became very anxious to secure them. These negotiations continued until 1915, under the administration of President Wilson, when the islands finally came into the possession of the United States on March 3, 1917, for a consideration of \$25,000,000.

It was always generally understood that the United States did not purchase the Virgin Islands as an investment. They were purchased primarily for strategic purposes. St. Thomas and its harbor is the strongest and most easily fortified spot in the West Indies. It can be made for the United States both an impregnable fortress and a valuable commercial and shipping station apart from the tourist and other industries that are carried on there today. With St. Thomas went the island of St. Croix as part of the defense as haven for submarines in case of war. One island was therefore necessary with the other. The United States Navy was appointed by the President as the Department to have jurisdiction over the islands and Rear Admiral Oliver was appointed as the first Governor under the American regime. Ever since this it has been the practice to provide the necessary appropriations for the municipal deficits. When the Department of the Interior took over the administration of the islands from the Navy Department in March 1931, it followed as much as possible with a civilian form of Government, the precedence established by the Navy in continuing the request from the Federal Government to make up the deficits of the municipal governments for the islands. These have varied in contributions from \$243,000 to \$50,000. For the past 16 years these have averaged approximately \$107,000 per year.

In 1934, 3 years after the islands had been placed under the Department of the Interior's jurisdiction, the revenues of the municipal government began to increase to what they were in the past. Some of these increases were primarily due to the matter of new taxes being created, repealing of prohibition, and the pick-up in business due to the rehabilitation program. Then came the information that we must be prepared to increase taxes or raise more revenues as Congress was not willing to contribute municipal deficit appropriations as we should look forward to eventually being self-supporting. We realize that ourselves, having a sense of responsibility, that we should provide for the needs of our municipal government and try and be independent of the Federal Government's aid, even taking into consideration that the islands were bought for defense purposes and the upkeep should be considered as the interest on a battleship. We, therefore, again taxed ourselves further by increasing some of the items already taxed and added a few more nuisance taxes to our list of revenues. But our dreams could not be realized even with the 16,000 acres of land in cultivation; the revenue from the export tax would not pay the deficiency as we would yet be short \$10,000. In 1938 despite our adverse weather conditions which caused sugar losses we increased our revenue 7 percent over the preceding year of 1937, in spite of the fact that we assumed some of the burden of central administration, which was shoved on us for salaries for the medical department. In addition to this our Federal deficit contribution was decreased \$10,000. Under these considerations we feel that we have done exceedingly well to provide as best we can for the needs of our municipal government, taking cognizance of the fact that deficit appropriations have been reduced too rapidly instead of being a gradual process. The result of such action has been that we were forced to apply for an additional deficiency appropriation to meet obligations incurred in the 1938 budget, and what is expected to happen in the 1939 budget, making a total of \$60,000 desired.

In order to relieve our Federal executive and legislative departments of the continual demands to meet these municipal deficits the enactment of the bill which we are discussing should obviate the necessity of this. The exports of products from the island to the United States on which internal-revenue taxes are collected should average approximately \$135,000 per year which would take the place of the average deficit of \$107,102.22 plus the loss of the repeal of the export duty on sugar which amount averages approximately \$28,000 per year. This allows a surplus of \$35,000 which amount is badly needed to provide for the needs of our local government which are many at present. Our roads, schools, hospitals and other municipal institutions have been sadly neglected for years and are in disrepair and require renovating. Our hos-

pitals are in terrible condition and dilapidation, and are often the source of ridicule and criticism by visiting physicians from the continent as being unfit for the care of the sick. With the surplus of \$35,000 more or less we should be able to start a building program, construct a new hospital, repair our insane asylum, which is estimated at a cost of \$10,000 for such repairs, and gradually every other year equip same with modern hospital equipment. Presently we are fortunate in having in the municipal physician of St. Croix a very able and skillful surgeon, who seems to be acquiring not only national but international reputation in tropical diseases. If we can achieve our desire to rebuild our medical institution it may be a means of encouraging people from the neighboring islands to come to our island for medical treatment which will mean additional revenues to help us along with our expenses in running this institution and then bring publicity to the island.

If St. Croix is to continue as an agricultural island, depending chiefly on sugarcane for its economic existence, it will be necessary that the Government employ a professional agriculturist and plant pathologist who understands cane culture, hybridization, and germination and who can experiment and recommend a system of cultivation that will produce more cane per acre and at a lower cost per ton.

In conclusion we present again our three objectives sought in this bill:

First: We ask that all articles of Virgin Islands manufacture coming into the United States and paying internal-revenue tax shall be covered into the Treasury of the Virgin Islands for the benefit of the municipality where such articles were produced.

It is hoped that it will yield sufficient revenues to take the place of the amount no longer contributed by the Federal contributions and the amount to be lost to the municipal treasury by the repeal of the export tax.

Second objective: That the proceeds of the tax collected under title IV of the Sugar Act of 1937 on sugars produced in the Virgin Islands and brought into the United States should be covered into the treasury of the Virgin Islands for the account of the municipality where such sugars were produced for the benefit of the sugar growers. This will yield approximately \$45,000 to the growers of sugarcane.

Third objective: The export tax as applied by Congress in 1917 on all sugar exports from the islands to the continental United States as amended on February 25, 1927, to \$6 per short ton should be repealed. This will relieve the burden of the grower and save him from destruction which presently faces him.

Conditions in the Virgin Islands differ considerably in some instances from the mainland, and what suits the one may not suit the other. We have to live an artificial way to eke out an existence. The people of the Virgin Islands are grateful to the Federal Government for the interest in their welfare. They also feel proud that they are blessed in being citizens of the most powerful democratic country on earth. Our local problems are numerous and pressing. We pray that you gentlemen of the committee will favorably recommend this measure to the committee of the House and Senate; in the meantime we shall await with patience in anticipation of your report.

TABLE 1.—Showing how price of sugarcane is computed, based on the New York Stock Exchange quotation, and showing how the export tax of \$6 per ton figures in the price

New York price per short ton at \$3 per 100 pounds of raw sugar, f. o. b. New York.....	\$60.00
Insurance, commission, port entry fees, etc.....	\$1.35
Freight at 21 cents per 100 pounds, plus 13 cents per bag.....	5.24
St. Croix trucking, handling, and lighterage.....	2.30
Export duty.....	6.00
	14.89
	45.11

It takes 10 tons of cane to equal 1 ton of sugar, which means that sugarcane is worth \$4.511 per ton after it is processed into sugar. Sixty percent of \$4.511 is purchase price per ton of cane in the fields, or \$2.7016. Therefore, 2,000 pounds of cane cost \$2.7016, or 13½ cents per 100 pounds.

TABLE 2.—Showing average estimated cost of cultivating an acre of land by the small growers of sugarcane in the island of St. Croix, V. I.

ESTIMATED COST OF PREPARING LAND PER ACRE	
First plowing.....	\$2.50
First harrowing.....	1.00
Second plowing.....	2.50
Second harrowing.....	1.00
Banking.....	1.50
Total.....	8.50
ESTIMATED COST OF PLANTING, CULTIVATING, AND HARVESTING PLANT CANE CROP PER ACRE	
Cost of seed (using 5,000 per acre at \$2.60 per thousand).....	\$12.50
Labor, planting.....	2.50
Cost of seed (replanting).....	\$3.00
Labor.....	1.00
Weeding (5 times at \$2.60 per acre).....	13.00

TABLE 2.—Showing average estimated cost of cultivating an acre of land by the small growers of sugarcane in the island of St. Croix, V. I.—Continued

ESTIMATED COST OF PLANTING, CULTIVATING, AND HARVESTING PLANT CANE CROPS PER ACRE—Continued	
Cultivating.....	\$3.00
Harvesting.....	10.00
Transportation (1 cent per 100 pounds).....	4.00
Total.....	49.00
ESTIMATED COST OF CULTIVATING AND HARVESTING FIRST RATOON CROP PER ACRE	
Lining trash.....	\$1.10
Cultivating bank (with mules).....	1.00
Weeding (3 times at \$2.66 per acre).....	8.00
Harvesting.....	6.00
Transportation (1 cent per 100 pounds).....	2.40
Total.....	18.50
ESTIMATED COST OF CULTIVATING AND HARVESTING SECOND RATOON CROP PER ACRE	
Lining trash.....	\$1.10
Cultivating bank (with mules).....	1.00
Weeding (2 times at \$3 per acre).....	6.00
Harvesting.....	4.00
Transportation (1 cent per 100 pounds).....	1.60
Total.....	13.70
Using as a basis 20 tons per acre for plant cane, 12 tons per acre for first ratoon, and 8 tons per acre for second ratoon, we have the following:	
Receipts:	Per acre
First year, 20 tons at 12 cents per 100 pounds of canes.....	\$48.00
Second year, 12 tons at 12 cents per 100 pounds of canes.....	28.80
Third year, 8 tons at 12 cents per 100 pounds of canes.....	19.20
Total over a 3-year spread.....	96.00
Gross yield for 3-year spread.....	96.00
Total expenses for 3-year spread.....	89.70
Profit.....	6.30
Balance of \$6.30 left for grower to pay \$3 per year as an amortizing payment toward the purchase of his land, or \$5 per year if he rents the land.	

REMARKS

If the benefit payments are extended to the Virgin Islands, as per the Sugar Act of 1937, it will mean approximately \$10 per acre revenue for the grower; and if the local export duty is repealed, which is \$6 per ton, provided Congress enacts a law to return to the island the revenue taxes collected from such liquor exports to continental United States, the gross receipts to the grower will amount to \$16, approximately. If these, our objectives, be recommended and passed by Congress, it will be a means of reorganizing the sugar business so that it may continue to be a source of living for those who own the land and to those who seek employment.

TABLE 3.—Export duty collected for the period of the last 10 years, viz, from 1929 to 1938, and part of the fiscal year of 1939, on sugar shipments exported from the island of St. Croix, V. I., to continental United States

Fiscal year:	
1929.....	\$52,797.13
1930.....	29,364.13
1931.....	19,316.57
1932.....	16,749.42
1933.....	19,992.40
1934.....	14,008.54
1935.....	20,347.97
1936.....	13,055.02
1937.....	29,958.01
1938.....	29,958.01
1939 (Jan. 31, 1939).....	18,143.36

STATEMENT AND TESTIMONY OF HON. RALPH PAIEWONSKY, MEMBER OF THE MUNICIPAL COUNCIL FOR ST. THOMAS AND ST. JOHN TOWN DISTRICT, CHAIRMAN, MUNICIPAL COMMITTEE, ST. THOMAS AND ST. JOHN, SECRETARY, MUNICIPAL COUNCIL FOR ST. THOMAS AND ST. JOHN, ASSISTANT SECRETARY OF THE LEGISLATIVE ASSEMBLY FOR THE VIRGIN ISLANDS

Supplementing the statements of the delegates from St. Croix, it would be advisable to give a brief outline of the history of St. Thomas in order to grasp the full importance of its political and economic life and status. Although the islands of St. Thomas and St. Croix are separated by only 40 miles of water, the economic life of each cannot be even remotely connected with the other. St. Thomas, which comprises one of the islands acquired from Denmark by the United States in 1917, is approximately 12 miles long and 1 to 3 miles wide, with a total area of 27.12 square miles, and maintains a population of approximately 9,000 persons (1938).

Owing undoubtedly to the excellent and well-sheltered harbor and its strategic position, St. Thomas gradually became the Singapore of the West Indies. It was the depository for the large Euro-

pean commercial firms, and merchants from the surrounding West Indian centers of commerce came to secure and replenish stocks and stores. The island was used as a clearing house for vessels where captains would secure their instructions and await orders from their home ports. It is estimated that the number of sailing vessels calling at the port of St. Thomas rose from 1,200 to more than 2,800 annually during the sailing-ship period of the nineteenth century. The development of the steamship and the introduction of the cables had marked effects upon the importance of the port. The golden age of St. Thomas was at this period when the importations intended chiefly for reexportation were estimated at five to six millions of dollars annually. After 1850 the business began to decline until in 1901-2 the importations were estimated at only \$881,697.

The economic pursuits of St. Thomas are definitely commercial and entirely distinguished from those of its sister island St. Croix. From a trading center St. Thomas developed more and more into a refueling station. In 1902 when the depression of that period encompassed the island a Royal Danish Commission was sent to the islands to examine into the causes for the downward trend and make its findings and incorporate in its report all feasible recommendations for improving conditions. Among the proposals which were accepted and acted upon by the Kingdom of Denmark were the establishment of the National Bank of the Danish West Indies, the harbor board, and dredging of the harbor—began in 1911. Reduction in prices of coal and fuel stimulated business. Another recommendation which was not carried forward was the establishment of a new floating drydock for the harbor. An old dock had been brought to St. Thomas in 1867 to provide ordinary docking facilities and was operated in conjunction with a machine shop located ashore. The old dock afforded work for several hundreds of people but unfortunately in 1924 the dock suffered an accident which ended its utility. Efforts were made to secure a large floating drydock but the amount of money necessary to accomplish the venture could not be raised.

Since 1905 the Danish East Asiatic Co., Ltd., made a definite bid for the bunkering business by reestablishing the necessary facilities in the island of St. Thomas. By 1911-12 the total importation of coal into the port amounted to 120,313 tons, up to then an all-time high. On the basis of this experience the Danish West Indies Co., Ltd., was inaugurated. It built a 2,250-foot bulkhead at a cost of \$1,000,000. The bunkering business then offered work to hundreds of men and women employed to load coal on calling ships by means of individual baskets full of coal. Today, because of competition from the neighboring islands (British, French, and Dutch) coaling is done exclusively by crane except for some isolated incidents.

The port of St. Thomas began to be developed by many other steamship companies, among which were the British Royal Mail Co., Ltd., the Dutch Lines, the French Trans-Atlantique Line, and the German Hamburg-American Line. The Hamburg-American Line was developing a volume transshipping business, using St. Thomas as the main port of operations. It is estimated that this firm alone spent from \$25,000 to \$40,000 per month in the island. The change of sovereignty and the World War put this company out of commission, as well as causing serious detriment to the other shipping interests. Subsequently the trade picked up again until 1929, when a new record of 143,695 tons of coal were imported. With the depression of 1929 the number of ships declined from 397 in 1929 to 163 in 1932. However, with the increased world shipping, the number of ships calling at the port increased from the last number to 429 in 1936, and it is still on the incline.

It is manifest from the foregoing history of St. Thomas that its economic life is definitely entwined with the commercial activities of the outside world and it rises and falls accordingly. During the days when St. Thomas enjoyed a fair commercial trade, several hundred men and women were gainfully occupied with the loading and unloading of cargoes, another group coaled ships, while others were at work in the machine shops and the drydock. During this period there was hardly any unemployment and the merchants were enjoying good trade. It is interesting to note that the total local revenues collected for the operation of the municipal government of St. Thomas (and St. John) was only \$100,500, and of this amount approximately \$50,000 was derived from postal revenues and customs dues. Just 1 year before the transfer of the islands the local budget expenditure was set at \$98,705.55, which included the post-office operating expenses in the amount of \$9,140, for customs the amount of \$1,950, and \$3,000 subsidy to the cable company. If these items were subtracted from the budget, it would leave a balance of \$84,615.55, which is about one-third of our present municipal cost, or we might say that the cost of the municipal government has increased over 300 percent since 1917.

Following the transfer a new system of government was established as more in keeping with American ideals, and the cost of municipal government for the islands of St. Thomas and St. John rose to \$185,000. The Navy Department, under whose jurisdiction the islands were first placed, realized that ideals could not become realities by governmental decrees alone, and they established the deficiency-contribution principle. An examination of the budget will readily give the picture. As previously stated, the Hamburg-American Line was finished in St. Thomas, and with it went the vast proportion of the transshipment business and trade in St. Thomas. This was reflected in the local revenues as set up in the budget of 1918-19, which were estimated at \$67,940, while the expenditure was set up to \$185,056.40, with an estimated difference between revenues and expenditures to be made up from the Navy's appropriation in the sum of \$117,116.40.

The increased cost of government was due to the development and enlargement of the sanitation department from about \$20,000 to approximately \$100,000, and schools from \$8,000 to \$30,000. In addition to this the Navy set up what is today termed "central administration," and all commissioned officers, paid by the Navy Department, assumed the duties of heads of the different departments of the municipal government. It might be stated here that at the time of transfer of sovereignty it served a useful purpose that the administration of the island was placed under the jurisdiction of the Navy, because in addition to the strategic position and importance for the protection of the Panama Canal, the Navy gave work to hundreds of natives and filled the gap of unemployment, in part, at least, counteracting the effects of the loss of the shipping trade. Naval activities in the island put money in circulation and created an artificial stimulation, which had a telling effect in 1931, when the Navy withdrew and hundreds of people were again thrown out of work. The Navy's withdrawal had further effects: The houses occupied by the Navy personnel became vacant and no money was found in circulation, which of itself demonstrates the economic condition thereafter. It must be pointed out that even in those days from 1918 to 1930, when this artificial stimulus existed, an amount of a little more than \$100,000 annually had to be contributed to run the municipal government, and this in addition to the cost of central administration. It must be remembered that between \$350,000 to \$500,000 were circulated locally through other naval activities in the island of St. Thomas, and for that reason the Navy constituted a major industry in itself. During the stay of the Navy there were few persons on relief or unemployed. The islands never were self-supporting, and never can be unless sufficient industries are established to give permanent employment and take up the slack in taxation. Even the Kingdom of Denmark was forced to contribute an average of \$132,836.64 annually toward the central administration of the islands. A table of the figures covering the years 1910 to 1917, inclusive, is attached.

The next episode of Virgin Islands history took place between 1930 and 1939. The islands were rushed into a civil form of government and the Navy withdrew. Elaborate schemes for their rehabilitation were established and fashioned after the plan similar to that set by the Royal Danish Commission in 1902. Had the naval activities continued in the island the civil government would have been successful. To fill the gap Federal agencies such as the N. R. A., F. W. A., and the W. P. A. were forced to pump thousands of dollars into the islands to prevent economic collapse. In St. Thomas several projects were established such as the Bluebeard Hotel, a small cooperative, and some homesteading, but these could not begin to fill the dire needs of the community. In 1935 a small Marine Corps air base was established and then enlarged somewhat; this took up a small number of the unemployed. In 1937 the Angostura-Wuppermann Corporation came to St. Thomas and gave some employment, but contributed in direct income tax and corporate taxes a sum of about \$27,000. The shipping trade picked up a bit around 1935 and the tourist trade increased. Much remains to be accomplished if the islands are to be made self-supporting. The "so-called balancing of the budget" at this time is by no means any indication that St. Thomas is self-supporting, and anyone believing this to be so is laboring under preconceived delusions or is really not familiar with the honest and true picture of St. Thomas. Relief projects must be carried on for the many reasons already stated and it cannot be denied that if this stimulus is eliminated before sufficient new industries are established the islands will lapse into an almost immediate and complete state of bankruptcy. The return of the internal-revenue taxes, the repeal of the export duty on sugar, and the inclusion of the Virgin Islands under the benefit payments provided for in the Sugar Act of 1937 constitute the first real sound steps toward making the municipal governments self-supporting.

When the rehabilitation agencies were established it was hoped that the islands would become self-supporting. Upon this premise was predicated the annual \$10,000 cut from the deficiency appropriations for each municipality. However, these rehabilitation agencies were never able to make up the difference to the municipal treasuries. Yet the cuts were made in the deficiency appropriation for St. Thomas and St. John as follows:

During the fiscal year:	
1934-35	\$10,000
1935-36	20,000
1936-37	30,000
1937-38	40,000
1938-39	60,000
1939-40	100,000
Total	260,000

Under the rehabilitation schemes the rehabilitation agencies should have contributed to the St. Thomas municipal treasury during the period from 1934 to 1939-40, a total of \$260,000, but the records prove, however, that the total amount paid into the municipal treasury by these agencies amounted to less than \$6,000 during the entire period. If the Federal Government, with more than \$3,000,000 invested in the Virgin Islands in these agencies cannot make the islands self-supporting, how is it possible that the small industries and local concerns without the necessary financial aid can be made to perform this miracle? Something had to be done to meet the expenses of the local government during the continuing periods of reduced appropriations so additional relief appropriations were secured to keep people employed on various Federal projects and local taxes were increased to an all-time high.

The Municipal Council of St. Thomas has been faced many times over with the problem caused by the cut in the deficiency appropriation and it tried to inaugurate drastic economies. Maintenance was cut by 25 percent. Salaries were already too low, but on occasion during the early stages of civil government cuts were nevertheless made. This point is of importance—the problem is always presented to the municipal council when the act has already been accomplished—and this relates particularly to the systematic and continuous decrease in the deficiency appropriation; the municipal council was never consulted about the conditions laid before the Bureau of the Budget or any other branch of the Federal Government having jurisdiction. Without recriminations we feel constrained to point out as suggestively as we, with propriety may, that if the internal-revenue taxes are made available to St. Thomas we shall be able to continue our burden; but, if on the other hand, this taxation or the receipts thereof are not forthcoming to St. Thomas, then the \$40,000 taken from us completely (from the deficiency appropriation) will work chaos in our economic structure. Already the income-tax assessments for the fiscal year have fallen short of expectations and some more items will undoubtedly fall below the budgeted expectancy, and if this does transpire we shall be forced to approach this honorable committee for a deficiency appropriation in the approximate sum of \$60,000 within the next year, and this if we are to only carry on on the basis of the last fiscal year. We here only mention the fact that there is a single item of \$22,000 which was borrowed from the public trust funds which must be repaid regardless of source.

An important feature which deserves consideration is the fact that since the United States purchased the islands the bulk of the imports into the Virgin Islands are United States products. The customs records show that during the year 1937 about \$3,000,000 worth of American goods in commerce were imported into the Virgin Islands, as compared with less than \$1,000,000 of Virgin Islands products brought into the United States proper. The period from 1918 evidences an abnormal trade balance in favor of the United States. This is proof that whatever moneys are spent in the islands eventually finds its way back in the United States again.

In 1926 the taxable wealth of St. Thomas was about \$3,700,000, and in 1939 the figure remains the same. This indicates conclusively that the islands (St. Thomas and St. John) have practically stood still during the past 13 years.

The people realize their responsibility and are more than willing to do all within their power to help themselves. Recently a corporation was organized by ordinance consisting of all the leading businessmen in the community to develop the tourist trade and stimulate new industry. But before these objectives can be accomplished in any appreciable degree considerable work and expenditure must be utilized in improving the health and sanitary conditions. There is at present an obnoxious system of removal of human excreta which takes place nightly about 11 p. m. Feces are collected in cans from the different homes of the poor people and transported by truck to some dumping spot outside the city limits. (American tourists complain continuously about this unhealthy condition.) Extension of the sewer system must be accomplished. The hospitals are in bad shape and new buildings and equipment are absolutely necessary. There is dire need for water catchments and basins to retain water for the poor and others during the droughts. The department of public welfare has to take care of the poor and needy. Approximately 400 persons are receiving direct aid in small pensions averaging \$2.60 per month. This cannot take care of their rentals. When additional funds could not be found through the legislature on account of the financial conditions due to the loss of the sums needed and provided by the deficiency appropriation the welfare department formed a community chest and raised approximately \$3,000, which has been distributed in pensions and direct aid to the poor. It is pathetic to see the conditions under which human beings are compelled to live. Schools and equipment are sadly needed. It is not stretching the truth at all to say frankly that conditions are intolerable. The various reports filed herewith will show the truth of all the assertions herein. The conditions pertaining to the municipal hospital in St. Thomas and in St. John can only be believed when seen personally. We have sought every way and means at our command to remedy the situation, but unfortunately we cannot accomplish the desired results without funds. There is appended hereto a full report of the necessary needs in the community, and it is obvious that each and every item therein contained is fundamentally sound and of vital need.

The only solution remains our just requests for the proceeds of the internal-revenue tax. We who live permanently in the Virgin Islands surely know the vital necessities and we trust that we have demonstrated sufficient knowledge of our problems and the manner of approach to a complete solution of them.

There is another matter in which I am much interested which pertains almost entirely to the island of St. Thomas, and that is the modification of the application of the navigation laws to the Virgin Islands. As you know, the navigation laws were made to apply to the Virgin Islands in the Organic Act, for what reason I am unable even now to state. In less than 3 years they have shown their baleful influence. There are three important reasons why these laws should not apply to the Virgin Islands:

(a) Because nine-tenths of the vessels that come to the harbor of St. Thomas are of foreign registry, and American shipping has shown no intention of providing services, freight or passenger, for these islands;

(b) Because the restrictions imposed by the navigation laws, such as number of radio operators and American inspection, have

already deprived us of the important services rendered by the Dutch steamship *Baralt*, plying between the islands. It is estimated that this port will lose \$120,000 of trade in 1 year because of preventing the steamship *Baralt* from calling at this port. The steamship *Baralt* could not afford to carry two radio operators. Within the Virgin Islands a vessel is never more than 20 miles from land.

(c) Because of the navigation laws foreign freighters which frequent the port for bunkers and other reasons are precluded from carrying passengers between the islands. Our passenger service is therefore limited to one vessel, the American steamship *Catherine*, of the Bull Line. When the steamship *Catherine* is taken off for repairs practically the only communication between St. Thomas and St. Croix is a cargo boat that can carry only 12 passengers. This is a distinct hardship. There are many excellent cargo steamships entering this port which can safely carry passengers between St. Thomas and St. Croix and vice versa.

Figures taken from the Danish state budget for the Danish West Indies covering fiscal years 1910-17, inclusive

March 31:	
1910.....	\$120,863.32
1911.....	134,118.19
1912.....	123,758.18
1913.....	131,437.16
1914.....	135,147.16
1915.....	137,338.37
1916.....	142,060.51
1917.....	137,970.30
Total.....	1,062,693.09
Average.....	132,836.64

NOTE.—The above figures show that the Danish Government contributed toward the central administration of the Virgin Islands, then the West Indies Islands of Denmark, an amount of \$132,836.64 average annually.

Statement showing the total amount of rum exported, in proof gallons, from the islands of St. Croix and St. Thomas, V. I., as per calendar years from 1934 to 1938, inclusive

	St. Thomas, V. I.	St. Croix, V. I.
Calendar year:		
1934.....	18,793	None
1935.....	22,495	42,349
1936.....	54,110	42,445
1937.....	68,902	94,791
1938.....	63,534	56,564

NOTE.—These figures were compiled and submitted to the committee by the collector of customs at St. Thomas, V. I.

For municipality of St. Thomas and St. John, V. I.

Fiscal year	Estimated total local revenues, St. Thomas, V. I.	Estimated total expenditures, St. Thomas, V. I.	Estimated total Federal deficit contribution
1925-26.....	\$104,860.00	\$219,474.30	\$112,614.30
1926-27.....	124,000.00	224,300.00	100,300.00
1927-28.....	124,300.00	231,682.60	107,382.26
1928-29.....	122,290.00	222,638.00	100,348.80
1929-30.....	124,690.00	228,290.00	103,600.00
1930-31.....	126,420.00	233,428.00	107,008.00
1931-32.....	120,400.00	236,813.40	116,513.40
1932-33.....	88,735.00	202,135.00	114,400.00
1933-34.....	105,362.80	181,802.80	76,440.00
1934-35.....	140,708.00	230,708.00	90,000.00
1935-36.....	113,310.00	193,310.00	80,000.00
1936-37.....	145,180.00	215,180.84	70,000.00
1937-38.....	155,697.00	215,697.00	60,000.00
1938-39.....	199,377.00	239,377.00	40,000.00
1939-40.....	(?)	(?)	(?)

¹ None asked for.

NOTE.—The above figures represent the estimated amounts budgeted at the beginning of each fiscal year and usually represent the fixed expenses of the Government for that fiscal year. Surpluses if any are usually taken care of by additional money bills but are generally for additional expenses of the local government.

Fiscal year	Estimated total local revenues, St. Thomas, V. I.	Estimated total expenditures, St. Thomas, V. I.	Estimated total Federal deficit contribution
1916-17.....	\$100,500.00	\$98,705.55	¹ None
1917-18.....	67,940.00	185,056.40	\$117,116.40

¹ Under Danish administration.

First budget under changed sovereignty after transfer of islands.

Tabulation of revenues taken from municipal budget for St. Thomas and St. John, V. I., covering the period for 1925-26 up to and including 1938-39

Year	Customs dues	Vendue fees and percentages	Dues recorded, transfers not sold at vendue	Tax on inheritance	Court fees and fees from police office	Stamp dues	Fees from steamship tickets	Fees from grants and dues on burger briefs	Internal-revenue tax	Auto license tax or fees	Real-property tax	Personal-property tax	Trade tax
1925-26	\$8,000	\$100	\$160	\$500	\$6,000	\$1,600	\$1,000	\$600			\$35,000	\$5,000	\$7,000
1926-27	10,000	100	160	1,500	6,000	1,600	1,000	600			37,000	6,000	9,000
1927-28	10,000	150	160	1,500	6,000	1,600	1,000	900			37,000	6,000	9,000
1928-29	10,000	150	100	1,500	6,000	1,600	1,000	900			37,000	6,000	9,000
1929-30	10,000	100	100	600	6,000	1,600	1,000	900			37,800	5,600	9,000
1930-31	10,000	100	100	600	6,000	1,600	1,000	800			37,800	5,600	8,400
1931-32	8,000	100	100	4,000	6,400	1,600	1,000	1,000			37,800	5,800	8,000
1932-33	4,000	60	100	3,000	5,000	1,200	600	900			36,050	5,200	6,500
1933-34	5,000	200		3,600	5,000	1,600	600	900			33,000	4,400	6,000
1934-35	10,000	10		3,600	5,000	1,600	600	2,000	\$30,000.00		33,000	4,400	6,000
1935-36	10,000	10		2,000	5,000	2,000	1,000	4,000	17,500.00		34,000	4,400	4,800
1936-37	12,000			1,000	7,000	2,500	1,500	6,000	34,180.84		38,000	4,500	4,000
1937-38	12,000			1,000	3,700	2,500	1,500	5,000	16,000.00	\$3,800	47,000		8,000
1938-39	13,000			2,000	5,000	2,500	1,000	5,000	16,000.00	4,000	47,000		5,000

Year	Lamp tax	Horse carriage and boat tax	Income tax	Gasoline tax	Pay patients at municipal hospital	Fees collected at customhouse	Returns from sanitary works	Passport fees	Fees from St. Thomas telephone system	Annual license fees	Miscellaneous	Contribution from harbor board
1925-26	\$1,400	\$1,200	\$16,000		\$2,000	\$2,000	\$4,600	\$100	\$9,000	\$1,200	\$4,400	
1926-27	2,000	1,200	20,000		2,600	2,000	4,600	160	8,740	1,340	4,400	
1927-28	2,000	1,200	20,000		2,600	2,000	4,600	160	8,740	1,340	4,400	\$4,000
1928-29	2,000	800	20,000		2,400	1,000	4,600	160	8,740	1,340	5,000	2,000
1929-30	2,000	800	26,000		2,400	1,000	4,000	160	8,740	1,340	4,000	1,500
1930-31	1,600	800	26,800		3,000	1,000	4,200	80	8,600	1,340	5,420	1,500
1931-32	2,000	800	18,000		3,000	700	3,400	40	8,600	1,500	5,420	2,000
1932-33	1,630	500	31,000		2,000	400	3,460	100	7,900	1,460	3,100	400
1933-34	1,200	500	30,000		2,000	400	3,660	20	7,500	1,400	3,200	4,600
1934-35	1,250	500	7,000		2,000	400	3,600	20	8,000	1,400	3,200	5,552
1935-36	3,500	160	10,000		3,400	500	3,500	20		1,400	3,000	3,000
1936-37		500	17,000		2,500	600	3,300	20		1,500	4,000	5,000
1937-38		500	37,197		2,500	600	3,300	20		2,000	4,000	5,000
1938-39			61,000	\$6,000	5,000	600	3,500	20		2,100	4,000	4,517

NOTE.—Revenues from telephone system was removed from budget in 1934-35 and set up in separate account to pay operating cost of telephone system. Operating cost previously was taken care of on the expenditure side of the budget, but was discontinued after 1934-35.

The increase under real-property tax was due to a 25 percent increase in rate. The increase under income tax caused by increased shipping and sale in oil and coal. Also due to establishment of Angostura Wuppermann Corporation in St. Thomas, V. I., and does not represent or reflect local economic condition insofar as small merchant is concerned. The item of gasoline tax, \$6,000, represents 4 cents per gallon tax levied recently.

Statement showing the Federal appropriations for the Virgin Islands, fiscal years 1925 to 1939, inclusive

	1925	1926	1927	1928	1929	1930	1931	1932
Deficit, municipality of St. Thomas and St. John	\$105,363.83	\$112,290.73	\$113,780.02	\$89,762.22	\$89,582.56	\$74,956.11	\$104,648.96	\$118,349.88
Deficit, municipality of St. Croix	148,768.86	147,891.56	106,569.39	99,032.42	82,592.38	101,774.69	125,619.99	122,127.11
Central administration	85,382.00	67,926.29	59,635.00	60,336.00	83,795.31	90,527.45	90,883.01	140,487.68
Rehabilitation projects		140,400.00				50,960.00	217,360.00	

	1933	1934	1935	1936	1937	1938	1939
Deficit, municipality of St. Thomas and St. John	\$110,000	\$86,000	\$90,000	\$80,000	\$70,000	\$60,000	\$40,000
Deficit, municipality of St. Croix	110,000	78,600	94,990	95,000	60,000	50,000	35,000
Central administration	150,613	134,750	117,840	131,500	125,000	120,250	127,250
Agricultural experiment station	25,000	25,000	20,968	35,000	35,000	35,000	38,000

FIGURES TAKEN FROM BUDGET FOR THE MUNICIPALITY OF ST. THOMAS AND ST. JOHN, V. I., FOR THE FISCAL YEAR JULY 1, 1938, TO JUNE 30, 1939

Revenues	
I. DIRECT TAXES	
1. Real-property tax	\$47,000
2. Income tax	61,000
3. Road fund:	
(a) Gasoline tax	\$6,000
(b) Automobile license	4,000
4. Trade and lamp tax	10,000
	5,000
	\$123,000
II. INDIRECT TAXES	
5. Net revenues from customs	13,000
6. Taxes on inheritances	2,000
7. Court fees and fees from police office	5,000
8. Stamp dues	2,500
9. Fees from steamer tickets	1,000
10. Fees from grants and dues on Burger briefs, etc	5,000
11. Internal-revenues tax	12,060
12. Trade tax	16,000
	56,560
III. SUNDRY REVENUES	
13. From pay patients at municipal hospital	5,000
14. Fees collected by customhouse	600
15. Night soil removal service	3,500

FIGURES TAKEN FROM BUDGET FOR THE MUNICIPALITY OF ST. THOMAS AND ST. JOHN, V. I., FOR THE FISCAL YEAR JULY 1, 1938, TO JUNE 30, 1939—Continued

Revenues—Continued	
III. SUNDRY REVENUES—continued	
16. Passport fees	\$100
17. Corporation annual license fees	2,100
18. Miscellaneous	4,000
19. Harbor board	4,517
	\$19,817
Total revenues	199,377
Total expenditures	239,377
Total deficit to be covered by Federal Government	40,000
Expenditures, by departments, for the fiscal year July 1, 1938, to June 30, 1939	
Municipal council	\$4,580
Municipal committee	700
Police court	4,440
Police and prison department	25,948
Department of health:	
Medical service	\$47,671
Sanitation service	10,500
	58,171
Electoral board	500
Department of public welfare	8,500
Public library	3,270
Department of education	54,601

FIGURES TAKEN FROM BUDGET FOR THE MUNICIPALITY OF ST. THOMAS AND ST. JOHN, V. I., FOR THE FISCAL YEAR JULY 1, 1938, TO JUNE 30, 1939—Continued.

Expenditures, by departments, for the fiscal year July 1, 1938, to June 30, 1939—Continued

Public works and fire departments.....	67,045
Miscellaneous.....	5,530
Pensions and allowances.....	2,838
General contingent.....	3,254

Grand total expenditures..... 239,377

Remarks: It is interesting to note that the department of health, department of public welfare, department of education, and pensions and allowances total \$124,110 is over 52 percent of the total estimated cost of the municipal government.

STATEMENT AND TESTIMONY OF HON. JACQUES M. SCHIFFER, COUNSEL TO THE DELEGATION FROM THE VIRGIN ISLANDS, MEMBER AT LARGE, MUNICIPAL COUNCIL OF ST. THOMAS AND ST. JOHN, MEMBER OF MUNICIPAL COMMITTEE OF ST. THOMAS AND ST. JOHN, AND MEMBER OF LEGISLATIVE ASSEMBLY FOR THE VIRGIN ISLANDS IN SUPPORT OF A PETITION OF THE DELEGATION REQUESTING THE CONGRESS TO PASS CERTAIN LEGISLATION DESIRED BY THOSE ISLANDS

As the concluding witness before the Congress of the United States on the subject of the real and actual problems confronting the people of the Virgin Islands, as set forth by my honorable colleagues, I deem it to be my privilege and solemn duty to attempt in some measure to enlighten the Members of this, the greatest deliberative body known to civilization, on a subject rarely entertained or discussed by those Federal agencies entrusted with the duties of representing the best interests of the people of the Virgin Islands. I refer to the sterling qualities of the people of the Virgin Islands as true and good American citizens and subjects in every sense which the American Republic has come to look upon as the very epitome of fine citizenship. Judging from the past and present unfortunate situation facing the people of the Virgin Islands coupled with the lack of accurate information concerning the islands, probably in part due to the scarcity of visits to the Virgin Islands by Members of the Congress, it seems apparent that the view has obtained in some quarters of responsibility that the people of the Virgin Islands are somewhat inferior in intelligence to the continental American and that the honesty of purpose of Virgin Islanders is at least questionable. With the entertainment of such views and truly unfounded opinions at home of a possession over a thousand miles from the mainland there must needs follow the concomitant disinterest on the part of the Federal governmental agencies to deal with the affairs of the Virgin Islands from the common ground of intimacy and understanding. The unvarnished truth must be recorded—the people of the Virgin Islands have demonstrated on every occasion on which they have been put to the test, by and large, that their intelligence and honesty of purpose rank with that high plane expected from the standpoint of true American ideals. There is no evidence of even a remote suggestion of a common trait to do ought but that which is honest and fair and just with whomsoever they come in contact. I should like to take this opportunity to invite the attention of the Members of the Congress to the fact that tremendous credits, for a group of islands containing less than 30,000 inhabitants, are extended to both small and large merchants in the Virgin Islands, of whom there are many, by firms in both the United States and foreign countries; and this reputation could only come to the people of the Virgin Islands from many long years of trade and commerce. The intelligence of the Virgin Islanders cannot be ranked as of an inferior level and I submit that any person of intelligence who has availed himself of ample opportunity to make comparisons must record his honest conviction without derogation of the statements herein expressed. The Honorable FRED CRAWFORD, Member of Congress, has expressed himself in no uncertain terms on this particular subject in an issue of the CONGRESSIONAL RECORD published within the past few weeks. Representative CRAWFORD draws the attention of the Congress to the standard of certain newspapers published in the Virgin Islands by Virgin Islanders and anyone who will take the opportunity to peruse the editorials published daily must perform respect the intelligence of the people.

I have gone to this length so that the problems of the Virgin Islands under consideration may receive the attention and well-considered judgment of the Congress in the light of seeking a solution to the ills besetting a most deserving and patriotic American group of citizens.

I have heard it said on occasion here in Washington that the United States threw away \$25,000,000 when it purchased the Virgin Islands for that sum from the Kingdom of Denmark. Let us recall the fact that Germany was negotiating for the purchase of these islands for the purpose of establishing a western German imperial submarine base; what with the dangers attendant to such a purchase by an unfriendly alien power in our own home waters, the United States at the earliest possible opportunity secured the islands. In the light of present-day circumstances, the value of the islands far exceeds the price paid in 1917—once we consider the cost of building a single battleship and maintaining it for a year, we must view as ridiculous the supposed exorbitant and alleged mispent cost of the Virgin Islands to the United States. If the accounts of the strategic value of the islands as stressed by American war experts mean anything at all, the United States acquired a group of possessions which in the light of today's war dangers are priceless.

Since my colleagues have already demonstrated the complete failure of the rehabilitation agencies in the Virgin Islands to produce income in adequate sums proportionate to the reductions in the annual deficiency appropriations (St. Thomas and St. John having been completely ignored in the fiscal year 1939-40 at the instance of the local administration), I shall set forth the needs of the municipality of St. Thomas and St. John, which must be classified as extremely urgent and of dire necessity, and the ills which can only be remedied by the legislation sought by this delegation, since the executive of the Virgin Islands has seen fit to paint a picture which to the members of this delegation does truly reflect the continuation of past policies which have brought the municipality of St. Croix to a state of bankruptcy and the municipality of St. Thomas and St. John to a position where the people therein resident must continue to suffer the results of past administrative errors and continue to live and die under the same handicaps which their predecessors experienced. It would seem to be quite an easy proposition, on paper, to balance the budget of St. Thomas and St. John, and, on paper, the local administration has made a pretense of accomplishing what for almost a hundred years, and continuing to this very date, namely, make St. Thomas and St. John self-sufficient, had been recognized by the administration of the Kingdom of Denmark and the administration of the Virgin Islands by the United States Navy Department as a fiction. Experience is a sound teacher, and she taught the Danish Government and the United States Naval Department a lesson which is incontrovertible, and they accordingly profited from that lesson. Some of my colleagues have gone to great length and produced the actual facts and figures to demonstrate that this municipality must by the laws of nature exist on the harbor, its trade, and the commerce and business allocated to the merchants on our Main Street from the shipping interests in the main. It may well be repeated that St. Thomas exists only because of its harbor. Without repetition, the Danish Government contributed to the support of this municipality, and so did the naval administration during its occupancy of the islands. To continue, let us examine the evils to be corrected and then decide how the budget was balanced.

HEALTH DEPARTMENT

It is almost beyond words to describe the condition of the medical facilities available in St. Thomas and St. John. We do not seek merely beautiful buildings and equipment as any American community almost without exception has accepted as a necessity. I herewith list the needs of the community in this respect:

1. New children's wards.
2. New obstetrical ward with a modern delivery room attached.
3. New operating room.
4. New building for out-patients' clinics to care for eye, ear, nose clinic, poly clinic, ante partum clinic, infant clinic, venereal clinic for examination and treatments, minor surgery dressings and first-aid attendance room, four consulting rooms, and toilet facilities.
5. Toilet and bathroom facilities for all wards, also utility rooms.
6. New insane wards.
7. New wards for patients suffering from tuberculosis.
8. New nurse's home, with rooms to be used for nurse's training-school classes.
9. Additional cisterns to gather water now running into the sewer pipes or gutters.
10. New office building, with offices for the physicians, superintendent, chief nurse, general hospital office—also proper toilet facilities.
11. New building for modern shock-proof X-ray outfits for taking roentgenograms and giving treatments (two machines). The old dual purpose X-ray machine is badly in need of repairs. There should also be a waiting room for patients and toilet facilities in this building.
12. Modern laboratory with modern fixtures, including a medium-size electrically operated refrigerator.
13. Modern pharmacy with facilities for storing, compounding, and issuing of drugs.
14. Proper garage facilities.
15. Modern laundry facilities.
16. Proper private ward facilities, with toilets and baths, etc.
17. New and large storerooms.

This list of needs explains more fully than words that the facilities presently in use cannot under any consideration be considered adequate or sanitary in the Tropics. It should be remembered that germs and bacteria are especially active in our hot climate and the dangers of infection from the slightest wounds are much greater than on the continent of the United States. At present persons undergoing surgery must be wheeled from the surgery room through a large yard to a ward. Due to the lack of wardroom, tubercular patients mingle with patients suffering from other afflictions. In the hospital located on the island of St. John male and female patients must disrobe in the presence of others, due to the lack of available accommodations. All the equipment in the hospital is outmoded and a complete installation of new and advanced equipment is urgently needed. At the request of the chairman of the municipal committee, the superintendent of public works made an estimate of the cost of the necessary improvements, which reads as follows:

"The estimated cost of constructing and equipping a fairly decent hospital for this municipality, including alterations and renovations to the existing buildings, will be \$125,000. The construction of a hospital building and medical facilities in Cruz Bay, St. John, will be \$12,000. A new building at Emmaus, St. John, to replace the present dilapidated structure now being used, and to accommodate the clinic, etc., will be \$12,000."

During the school year, Dr. Knud Knud-Hansen, commissioner of health, assisted by the school nurse, conducted the most comprehensive and extensive examination of school children ever undertaken in the municipality. Results showing malnutrition as high as 92 percent and anemia as high as 89 percent in some of our schools surely indicates a most appalling condition. We are not alarmists, but does the executive realize his responsibility to this coming generation or is he only interested in demonstrating before the Congress that he has made a semblance of making the Budget balance on one side? Has not this Congress legislated funds for the single purpose of preserving the health of our citizens, and particularly for communities such as exist in the Virgin Islands? We, the members of this delegation, were selected by the representatives of the people of the Virgin Islands to come before the Congress and place our true plight before it and let the Congress decide whether we must go back in vain, and without that help which has been granted to so many more fortunate Americans, and worse, to a continuation of policies which in the final analysis must again end in dismal failure.

EDUCATION

Despite the crying needs for improvements of buildings and equipment necessary to successfully carry forward an American standard of efficiency this field has also been neglected due to lack of sufficient funds. That the school buildings are a disgrace to any American community cannot be denied and the results stand out in bold relief when contrasted with the excellent accommodations and equipment and superb results obtained by those schools conducted by the Catholic Church. The contrast is indeed so great that it is heartrending for an American to stand by and see what the majority of the children of the islands must attend to receive the benefits of a pure guaranty under our democracy. Regardless of the abilities of instructors and teachers the environment encircling the child student in the school building and the classroom must have woeful effect. There is a perfect solution and that is to tear down the schoolhouses and build anew. The number of pupils in attendance at the public schools during 1937-38 was 2,012. The number of teachers employed during the same period was 60. It might not sound like truth when I assert that there are schoolrooms which are not equipped with blackboards because of the lack of funds, yet it is the miserable truth. Sanitation in the schools is, to all intents and purposes, practically unheard of, again because of the lack of funds. In one school, converted from an old building, the ground-floor rooms are so dark that there can be no doubt of serious eye failures and defects of vision among large numbers of pupils. On this point may I point out that the municipality cannot provide a service for the care of the eyes of this generation. Yet we are told that the budget of the municipality is balanced. Some people query as to whether it is better to study the three R's and go blind. Buildings are rented for three of our schools and are in a most dilapidated condition. But to remedy the situation we must have funds. Due to the law of the Virgin Islands, children under the age of 15 years cannot be committed to the jails upon their commissions of crimes but must be committed to a "parental school" (reformatory), but since the municipality is without funds to provide for this type of institution there is no parental school and the delinquents must be set free to continue, in some instances, further depredations.

Upon the request of the chairman of the municipal committee, the superintendent of public works drew an estimate for needed buildings and repairs, which reflect the following:

"For constructing and equipping a modern high-school building, including all necessary classroom equipment and facilities, including an auditorium that may be made available for use not only by the school, but also by the community in general. Estimated cost, \$210,000. The repairs, renovation, and extension and new construction at the several public schools in the municipality, \$80,000. The construction of a public and parental school at St. John, \$25,000."

According to the report of the director of education, the new Benjamin Franklin School, which has been occupied for over 3 years, is still incomplete for lack of blackboard installation. The answer? No funds—but, the budget is balanced. Imagine an American school without a single music teacher or music supervisor—that is exactly the situation in this municipality and has been so for the past two years, at least; and 2,012 children deprived of the rudiments and grace of a fundamental necessity in the teaching of the young, as all child experts agree today. And all this for the purpose of attempting to make a pretense of balancing a budget. The disgrace of the whole sham to the community will be felt in the present generations in only a few short years.

The facts of the situations confronting the departments of police and prison, sanitation, public welfare, public works and fire, and the bureaus of lesser import are of the same texture as already submitted for the health and education departments. The entire program of necessary repairs, improvements, and general construction are estimated to cost \$2,580,000, and if these for the most part are not undertaken now, the cost will increase to much larger amounts.

The questions of salaries of governmental employees in every branch of the municipal service demand prompt attention. In the department of education the average salary paid to teachers has been estimated at about \$35 per month; this sum speaks the whole story for that department and the rest of the service.

My colleagues have already expounded the vagaries and flights of fancy indulged in by the local administration, but we have

appeared to put an end to uneconomic flights of imagination and secure some permanent lasting good for the islands.

We sincerely are convinced that with the enactment of the Congress of the bill introduced by Senator KING and Congressman COLLINS the first definite step in the right direction will have been taken toward establishing the Virgin Islands on a basis best calculated to insure the future best interests of this possession of the United States.

Before concluding I should like to avail myself of this opportunity to put before the Congress what in all probability is a shame-faced monopolization of labor in the Virgin Islands (St. Thomas). An organization termed "The Virgin Island Cooperative," operating under the guidance of governmental or political domination. This "cooperative," which apparently is only a misnomer, since there are no equal divisions made of the profits, or equal contributions made as entrepreneurs at the outset or periodically, is supervised by a manager or director, and employs an assemblage of employees in a large establishment situated in the building housing the district court. This business employs a large number of French people, who for the most part are bona fide residents of St. Thomas, and some being naturalized citizens of the United States. These French people take home the raw materials and make baskets, hats, and other straw goods, sew and embroider linen, make dolls and other novelties, jams, preserves, and a variety of other hand-made articles. Sales are made to tourists from the cruise ships calling at St. Thomas, but a great volume of these products are sent to outlets or purchasers in the United States via the United States mails. Inasmuch as the Fair Labor Standards Act is applied to the Virgin Islands (reference being made to the present 25-cent minimum-wage proviso and the minimum-hour clause), and private industry is called upon to comply with the act, we take this opportunity to present a condition before the Congress whereunder the local government itself assists in the operation of an industry which pays peonage wages while transmitting goods in commerce without complying with the wage and hour law. Following is a letter (copy) from a representative of the residents of the French village who make the articles described to Mr. Robert Herrick, deceased Government secretary, who at the date of the letter was Acting Governor in the absence of the Governor of the Virgin Islands:

ST. THOMAS, V. I.,
October 11, 1938.

MR. ROBERT HERRICK,
Acting Governor, St. Thomas, V. I.

DEAR MR. HERRICK: In accordance with my conversation with you relative to the possibility of securing for my people in the French village a better rate of pay for the work they are now doing for the cooperatives, I beg to submit to you the following figures:

Name of items	Value paid by cooperative	Expense	Net to worker	Time required to make
Como flash hats.....	\$0.25	\$0.15	\$0.10	1 day (12 hours).
Pauline purse.....	.26	.14	.12	8 hours.
Zipper bags.....	.20	.16	.16	1 day.
Doll skirts 6 inches, 12 for \$1.20.	1.20	1.03	.17	6 skirts per day.
Hollow skirts, 2 for.....	1.00	.79	.21	1½ days.
Doris mats.....	.25	.18	.07	1 day.
Luncheon mats, 9-piece set, 11 by 17 and 12 by 27.	1.00	.48	.52	3½ days.
Norbie weave mats.....	.20	.11	.09	1 day

NOTE.—The term "Expense" included above means the cost of straw, thread, cloth, dye, etc., which is deducted from the value paid by the cooperatives. It can readily be seen that these people are earning an average of 10 cents per day.

While they are grateful for the opportunity to be gainfully employed, yet the wages earned are so low that it is impossible for them to make headway. We respectfully request you to take this matter up with the heads of the cooperatives and secure for my people an increase in pay. While it is true that at the end of the year they receive a bonus of 2 percent, you will readily agree that this is far from sufficient to compensate their hard labor.

We want again to express our sincere appreciation and gratitude to the Government for their attempt to assist us, and hope you will be able to help us in our plight.

Respectfully yours,

J. VANTE,

Representative for the People of the French Village.

Aside from the purpose of registering this complaint the question presents itself concerning the purpose of the Government in permitting the employment of labor clearly engaged in the manufacture of goods destined for interstate commerce at coolie wages in direct contravention of the wage and hour law—is this a method of balancing the Budget? By very definition this venture cannot be deemed to be a cooperative venture and there can be no excuse for this situation.

All the members of this delegation submit the case of the people of the Virgin Islands to the Congress with the prayer that favorable legislation may be the result.

REPORTS OF COMMITTEES

Mr. WILEY, from the Committee on Claims, to which was referred the bill (H. R. 2098) for the relief of Katherine Patterson, reported it without amendment and submitted a report (No. 303) thereon.

He also, from the same committee, to which was referred the bill (H. R. 4133) for the relief of Joseph N. Thiele, reported it with an amendment and submitted a report (No. 304) thereon.

He also, from the same committee, to which was referred the bill (S. 1160) for the relief of Roland Hanson, a minor, reported it with amendments and submitted a report (No. 305) thereon.

Mr. HUGHES, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 765. A bill for the relief of Hugh McGuire (Rept. No. 306);

H. R. 2061. A bill for the relief of Ernest O. Robinette and others (Rept. No. 307); and

H. R. 2074. A bill for the relief of Junius Alexander (Rept. No. 308).

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 2126) authorizing the Comptroller General of the United States to adjust and settle the claim of E. Devlin, Inc., reported it without amendment and submitted a report (No. 309) thereon.

He also, from the same committee, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 1448. A bill for the relief of Anna H. Rosa (Rept. No. 310); and

S. 1812. A bill for the relief of A. E. Bostrom (Rept. No. 311).

Mr. SCHWARTZ, from the Committee on Claims, to which was referred the bill (S. 927) to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim of Suncrest Orchards, Inc., reported it without amendment and submitted a report (No. 312) thereon.

He also, from the same committee, to which was referred the bill (S. 1449) for the relief of Robert Stockman, reported it with amendments and submitted a report (No. 313) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 755. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Borg-Warner Corporation (Rept. No. 314);

S. 1092. A bill for the relief of Sigvard C. Foro (Rept. No. 315); and

S. 1372. A bill for the relief of W. B. Tucker, Helen W. Tucker, Lonie Meadows, and Susie Meadows (Rept. No. 316).

Mr. SCHWARTZ also, from the Committee on Military Affairs, to which was referred the bill (H. R. 4087) to amend an act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended by the act of June 4, 1920, so as to confer on the commanding general, General Headquarters Air Force, the same retirement privileges now enjoyed by chiefs of branches, reported it without amendment.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on April 19, 1939, that committee presented to the President of the United States the following enrolled bills:

S. 961. An act for expenditure of funds for cooperation with the public-school board at Wolf Point, Mont., for completing the construction, extension, equipment, and improvement of a public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; and

S. 1574. An act to authorize the attendance of the Marine Band at the national encampment of the Grand Army of the Republic to be held at Pittsburgh, Pa., from August 27 to September 1, inclusive, 1939.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Oklahoma:

S. 2206 (by request). A bill providing for the final discharge of Federal supervision over certain individual Indians;

providing for final settlement of Indian claims, determination of heirs, and for other purposes; to the Committee on Indian Affairs.

By Mr. TYDINGS:

S. 2207. A bill for the relief of the Boston Iron & Metal Co., a Maryland corporation, conferring jurisdiction on the Court of Claims to hear and determine the claim of said company; to the Committee on Claims.

By Mr. WALSH:

S. 2208. A bill to further amend the Shipping Act, 1916; to the Committee on Commerce.

By Mr. MINTON:

S. 2209. A bill for the relief of Earle Embrey; and

S. 2210. A bill for the relief of the Merchants Distilling Corporation; to the Committee on Claims.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred to the Committee on Commerce:

H. R. 5619. An act to provide for the training of civil aircraft pilots, and for other purposes; and

H. R. 5762. An act to provide for temporary postponement of the operations of certain provisions of the Federal Food, Drug, and Cosmetic Act.

ESTABLISHMENT OF PUBLIC WORKS AGENCY—AMENDMENTS

Mr. MEAD submitted amendments intended to be proposed by him to the bill (S. 2202) to establish a Public Works Agency, which were ordered to lie on the table and to be printed.

THE PRESIDENT'S MESSAGE TO YOUNG DEMOCRATIC CLUBS OF AMERICA

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD President Roosevelt's message to the Young Democratic Clubs of America on April 19, 1939, which appears in the Appendix.]

THE NEW DEAL ADMINISTRATION—ADDRESS BY SENATOR MEAD

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an address on the subject of the New Deal administration delivered by Senator MEAD at the luncheon of the National Democratic Council, held at the Cosmos Club, Washington, D. C., April 19, 1939, which appears in the Appendix.]

JEFFERSON AND MONROE—ADDRESS BY SENATOR GILLETTE

[Mr. HERRING asked and obtained leave to have printed in the RECORD a radio address by Senator GILLETTE at a meeting of the Society of Virginia of the District of Columbia at the New Willard Hotel April 19, 1939, the meeting being in celebration of the anniversary of the birth of President Jefferson and of President Monroe, which appears in the Appendix.]

SUFFRAGE IN THE SOUTH—ARTICLE BY BARRY BINGHAM

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an article by Barry Bingham published in the Louisville Courier-Journal of Sunday, April 9, 1939, entitled "Do All Americans Have the Right to Vote?" which appears in the Appendix.]

RECOVERY OBSTACLES—ARTICLE BY MARK SULLIVAN

[Mr. WILEY asked and obtained leave to have printed in the RECORD an article by Mark Sullivan, published in the Washington Post of April 20, 1939, entitled "Recovery Obstacles," which appears in the Appendix.]

POWER OVER MONEY—EDITORIAL FROM NEW YORK TIMES

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD an editorial in the New York Times of Thursday, April 20, 1939, under the headline "Power Over Money," which appears in the Appendix.]

INTERNAL DANGERS TO AMERICA

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an article from the Newport News (Va.) Daily Press of April 16, 1939, entitled "Warns of Danger to Nation From Internal Enemies and Foreign 'Isms' in America," which appears in the Appendix.]

CONDITIONS IN EUROPE

Mr. VANDENBERG. Mr. President, whenever there is a discussion of another war "to save democracy," I am always

interested in the voice of those who fought the last war to "make the world safe for democracy."

The American Legion in Michigan speaks through a publication known as the Legion News. Its leading editorial this week is entitled:

Watch Your Step, Uncle Sam.

I take the liberty of reading the last two sentences:

This Western Hemisphere is big enough back yard for the United States to play around in. Let us let the world know that this is our back yard, and that we don't want any outsiders carrying their neighbors' quarrels into our area—and by the same token, let us not get over in their back yard and get messed up in their family battles.

I ask that the entire editorial be printed in the body of the RECORD in connection with my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The editorial is as follows:

[From the Legion News of April 7, 1939]

WATCH YOUR STEP, UNCLE SAM

The more we watch the unfolding of the European mess, the more we are convinced that the best thing these United States can do is to keep our noses strictly out of it. And by that we mean we shouldn't even be sniffing at it.

A lot of World War veterans are still young enough to remember the last time we got tangled up in a ruckus over there, and are old enough to have sons who are of the age to get caught in the next one, should Uncle Sam get his nose caught in the trap again.

Memory is still green enough to recall how grateful the allied European nations were to see us come overseas with a couple of million young fighting men, and how that gratitude faded fast when it came to paying off the billions of dollars that Uncle Sam sent over after the young Americans had helped to win the war.

The nations that were glad to have us fight their wars and then pay for the rehabilitation of their devastated areas after the war was over, called the United States "Uncle Shylock" when it was suggested the loans be repaid. And American citizens who bought war bonds in patriotic support of the national efforts are now—as taxpayers—paying for their own bonds because the borrowers refuse to pay.

Democracy in Europe is having a tough time. Eventually dictatorship is going to have a tough time, too. And why the United States should get mixed up with the matter is beyond the power of most war veterans to understand.

Several allied countries—including the "democratic" countries in Europe—promised to repay their loans. But when it became inconvenient to do so, they just didn't.

Some of the countries promised to protect Czechoslovakia from aggression, after they had created the new country as a buffer state. But when it became inconvenient to do so, they just didn't, and now Czechoslovakia is no longer in existence.

Adolph Hitler, the German fuhrer, promised after taking the Saar that he was no longer interested in further territorial expansion in Europe; but when it became convenient to forget his promises, he took over Austria. He promised again, but welched by taking over the Sudetenland, and then Bosnia and Moravia. Then he took Memeland. And what he will take next is worrying a lot of nations. He showed his word to the allied nations to be no better on territory grabbing than their word was to Czechoslovakia, or no better than was their signed promise to pay the American loans.

While American sympathies and best wishes will naturally go to the democracies in their difficulties with Mussolini, Hitler, and those who may come within the influence of the Berlin-Rome axis, this sympathy should not extend, we firmly believe, far enough to get this Nation embroiled in European troubles.

This Western Hemisphere is big enough back yard for the United States to play around in. Let us let the world know that this is our back yard, and that we don't want any outsiders carrying their neighbors' quarrels into our area, and by the same token let us not get over in their back yard and get messed up in their family battles.

BOSTON IRON & METAL CO.

Mr. TYDINGS. Mr. President, I inquire if the parliamentary situation is such that it will be necessary for me to ask unanimous consent to address the Senate for 15 or 20 minutes. If so, I make that request.

The VICE PRESIDENT. There is nothing before the Senate at this time; so the Senator from Maryland asks unanimous consent that he may address the Senate. Is there objection? The Chair hears none.

Mr. TYDINGS. Mr. President, it is not often that in introducing a bill I find it desirable to make some remarks at the time the bill is introduced. At the conclusion of my remarks I shall send to the desk a bill with the following title:

For the relief of the Boston Iron & Metal Co., a Maryland corporation, conferring jurisdiction on the Court of Claims to hear and determine the claim of said company.

I am making these remarks at this time because, while having no disposition to dig up the bitterness and demagoguery of the 1938 election campaign in my State, this matter happened to be one of the things that my opponent and his press agent attempted to inject into that campaign, creating somewhat the idea by innuendo that there was something fraudulent or improper about this matter insofar as the Boston Iron & Metal Co. had had contact with the Federal Government.

I am making this statement now so that if there is anything improper in the transaction between the Boston Iron & Metal Co. and the Government of the United States anybody in or out of the Government, from the highest office down to the lowest, may have public notice of it and may come before the appropriate committee and present such facts as he thinks wise.

I shall read briefly the history of this matter.

At the entrance of the United States into the World War in 1917, the problem of transporting troops, munitions, and supplies abroad became of paramount importance. This country immediately went into a vast program of building quickly ships of every character for this purpose. After the war was over, the United States Shipping Board was set up for the purpose of managing the liquidation of this tremendous fleet. The Shipping Board found in its possession ships built in 1917, 1918, and 1919, and during its existence the Shipping Board determined upon, and to a large extent carried out, a scrapping program to liquidate the fleet. Hundreds of ships were sold by the Board for scrapping, in pursuance of this program.

In the spring of 1932, 13 years after the close of the war, the Shipping Board caused a survey of its fleet to be made, and found that it still had on hand a large number of obsolete vessels. It then determined to scrap these vessels and for this purpose invited open competitive bidding for these vessels.

The Boston Iron & Metal Co., being the highest bidder, was awarded the contract; and on November 5, 1932, a contract was entered into between the United States Shipping Board, acting on behalf of the United States of America, and the purchaser, the Boston Iron & Metal Co. This contract provided for the complete scrapping and dismantling of the vessels and their equipment in monthly allotments over a period of 3 years, and also provided for certain penalties in default thereof.

The purpose of this I shall make more apparent after I read this brief memorandum.

In article third of the contract, it was provided—

The seller reserves the right to withdraw from sale for scrapping any vessel or vessels it desires for operation or for sale for operation and may substitute any other vessel or vessels in place thereof. The buyer agrees, in event of any national emergency upon declaration of the Secretary of War that such emergency exists, and that the vessels agreed to be sold hereunder are needed by the United States for some one of its instrumentalities, the seller shall not be obligated to deliver any or all of the vessels agreed to be sold hereunder remaining undelivered at the time of the declaration of such emergency. In such event the buyer shall have no claim against the seller for failure to deliver the vessel or vessels not delivered.

The Boston Iron & Metal Co. promptly began the performance of this contract and at all times complied strictly with its requirements. On several occasions the Shipping Board notified the Boston Iron & Metal Co. that it desired to withdraw a ship or ships from scrapping, as it needed such vessels for operation, and, of course, substituted other vessels in place of the ones withdrawn, all under the authority of the contract. In all, 39 vessels were delivered to the Boston Iron & Metal Co.

In September 1933 payment, as provided for in the contract, was made by the Boston Iron & Metal Co., for four vessels, but they were not delivered to the Boston Co. Conferences immediately were had with the Department of Commerce, to which Department the activities of the Ship-

ping Board had been transferred, in an effort to determine the reason for the nondelivery. No reason was given; but on October 13, 1933, the Secretary of Commerce, Hon. Daniel C. Roper, wrote a letter to the Boston Iron & Metal Co., in which he advised that, "In accordance with article 3 of the contract," he "withdraws from sale and delivery all vessels covered by said contract that have not hitherto been delivered." A list of the vessels was attached to the said letter and numbered, in all, 86.

Discussions with the Secretary and his subordinates for the purpose of determining the necessity of this action were immediately instituted by the Boston Iron & Metal Co. In this situation my aid as United States Senator was solicited, as the Boston Iron & Metal Co. was a Maryland corporation, and was employing 300 men in my own State. The aid of the junior Senator from Pennsylvania [Mr. GUFFEY] was also enlisted, because, I understand, some Pennsylvania capital was invested in the enterprise. A considerable number of conferences were had with the Department, a number of letters were written by the parties interested to one another, and resolutions were introduced in the Senate by me, requesting information from the Secretary with reference to the withdrawal of these vessels.

The Secretary submitted the matter to the Attorney General's office for decision; and the Attorney General decided that the Shipping Board had authority to sell ships for scrapping which did not have a world market operating value greatly in excess of their scrap value. The Department of Commerce then took the position that these vessels had a world-market operating value greatly in excess of their scrap value, and that the ships were needed for operation and, furthermore, that some undisclosed national emergency existed which prevented the delivery of the vessels. The Boston Co., through all this, took the position that if the Secretary felt that an emergency in national affairs existed, they were willing to stand aside pending such emergency and, furthermore, that if the ships were actually needed for operation, or were actually sold for operation, then, of course, the Secretary had a right to withdraw them from sale and delivery under the contract, but only on condition that other ships were substituted therefor.

At this point let me bring out the fact that at one of these conferences, attended by one of the officers of the Boston Iron & Metal Co. and officials of the Commerce Department and myself, it was represented to us that a great national emergency existed which might lead to war. Immediately upon the information that the United States might become involved in a war, and might need these ships, I turned to the officer of the Boston Iron & Metal Co. and said to him, "You would not want these ships, would you, if the Government actually needed them for such an emergency as war?" He said, "Certainly not. I would waive my entire contract if the Government were faced with war. If the Government needed a single one of these ships for that purpose I would gladly give it to them." But we were told—this was several years ago—that such a probability was in the offing, and therefore that this officer of the Boston company would be patriotic if he would give up his right to have the ships for scrapping.

The Secretary of War never did issue any such declaration. But we were told again that that would not be good policy for the national Government, but that such an emergency did exist. Whereupon the officer of the Boston Iron & Metal Co. patriotically offered to revise the contract and let the Government have any ships which it felt it needed to face the prospect of war, although the Boston company, having won in the competitive bidding, and having a contract for the delivery of the ships would be the loser thereby.

Mr. WALSH. Mr. President—

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Massachusetts?

Mr. TYDINGS. I yield.

Mr. WALSH. Will not the Senator state the approximate amount of the claim?

Mr. TYDINGS. I could not tell the Senator. I would not be surprised if it should run to a million dollars.

Mr. WALSH. Is it not a fact that this matter has been before the Congress heretofore?

Mr. TYDINGS. It never has been.

Mr. WALSH. I had the impression that it was here in the form of a claim.

Mr. TYDINGS. No; it never has been.

Mr. WALSH. It is now here in the form of a bill seeking to give the company the right to go to the Court of Claims?

Mr. TYDINGS. To go to the Court of Claims and prove damages. In other words, as we would say at the trial table if this were a civil case pending in any court in this land, the Boston Iron & Metal Co. was induced to relinquish its contractual rights by deceit. That is exactly what it amounts to. But let me continue.

Thereupon, and for the purpose of enabling the Secretary to ascertain how many of these ships came within the category referred to in the Attorney General's opinion as not having a world market value greatly in excess of their scrap value, the Secretary decided to appoint a survey committee consisting of representatives of the Navy Department, the Shipping Bureau of the Department of Commerce, and the American Bureau of Shipping to determine the value and usefulness of the laid-up fleet. This committee undertook to survey all the vessels in what was known as the laid-up fleet, consisting of a total of 277 vessels, including the 86 vessels undelivered under the contract with the Boston Co. This survey took considerable time.

In the meantime, the Boston Co. was pressing its claim before the Department of Commerce, resisting the right of the Secretary to withdraw these vessels when it did not appear that a national emergency existed, and, furthermore, that the ships had not been operated; that they had not been offered for sale for operation; and, therefore, the order of withdrawal was a nullity.

During the progress of the survey, the Secretary wrote to me that the survey committee had rendered a report showing that 14 of the vessels sold to the Boston Co. had been classed as not having a world market operating value greatly in excess of their scrap value, and the Secretary offered to turn these over to the Boston Co. in full settlement of the Boston Co.'s contract. In view of the fact that the survey had not been completed, the Boston Co. stated that it was willing to accept the 14 vessels without waiting for the completion of the survey, without prejudice to its right to proceed in the Court of Claims for damages for the failure of the United States to deliver the balance of the ships. The Boston Co., furthermore, offered to accept the 14 ships on condition that the Secretary would agree that in the event that the survey, finally completed, showed that there were additional vessels not having a world market operating value greatly in excess of their scrap value, these additional vessels would be turned over to the Boston Co., limited, of course, in all, to 86 ships. This the Secretary was unwilling to do. During these discussions the Boston Co. continued to express its willingness to stand aside in the face of a national emergency, if such emergency existed.

The Boston Co. continued to press its rights under its contract before the Department of Commerce. On June 14, 1935, following a conference between the Secretary and me, I received a letter from J. C. Peacock, Director of the United States Shipping Board, Bureau of the Department of Commerce, tendering, in settlement of the Boston Co.'s contract, the delivery of 40 vessels, which, Mr. Peacock stated in said letter, were "classified by our survey as not justifying further preservation," and submitting a list of such vessels.

The Boston Co., relying upon and accepting the representations made by the Department of Commerce as correctly setting forth the report of the survey committee, and relying further upon the correctness of such survey, and being led to believe thereby that the balance of the undelivered ships over and above those 40 were to be operated by the Shipping Bureau, or were to be sold by the Bureau for operation, or were to be used for national-defense purposes,

and that there were accordingly no ships which could be substituted for the 46 vessels which would still remain undelivered, agreed, on or about July 3, 1935, to the Department's proposal of settlement.

Thereupon the matter was referred to the Attorney General by the Department of Commerce, and on July 13, 1935, I received a letter from the Secretary, in which the Secretary stated that the Attorney General held:

That the contract may be modified by the delivery to the company of the 40 vessels which our survey indicates are no longer fit for commercial or national-defense purposes.

Under these circumstances, the Boston Co. entered into a so-called "supplementary and amendatory agreement," dated July 29, 1935, in which it agreed to accept the 40 vessels above referred to as full delivery under the original contract. Following the execution of this supplementary agreement the Boston Co. paid for and took possession of the 40 vessels.

The "supplementary and amendatory agreement" of July 29, 1935, refers in recital to the fact that the United States had reserved the right to withdraw from sale for scrapping any vessel or vessels it desired for operation or for sale for operation, and that it might substitute other vessels in place thereof; that, "with the consent of the buyer," the United States had from time to time withdrawn certain vessels and substituted others in place thereof; that, after 39 of the original 124 vessels had been delivered to the buyer, the United States "withdrew the balance of the vessels, 86, from sale for scrapping, for operation or for sale for operation."

The agreement then contains the following additional significant recitals—and these are important:

Whereas the buyer disputed the right of the seller under the terms of the aforesaid contract to withdraw the remaining 86 undelivered vessels for operation or for sale for operation; and

Whereas by reason of said dispute the seller caused a survey to be made of said vessels to determine the condition of the said 86 vessels so withdrawn, which survey disclosed that 40 of the undelivered vessels are no longer fit for commercial or national-defense purposes.

On or about February 1, 1937, the Boston Co. learned through a press notice that the Maritime Commission was about to sell 27 vessels out of the laid-up fleet for scrapping.

Mind you, Mr. President, the Government had asked that the vessels be given back to it for operation; then, after it induced the company which held the contract to obtain those vessels, to give them up, it resold them for scrapping purposes to another person entirely, having misled the Boston Co., in its ultimate effect, into an abrogation or revision of the contract.

The Boston Co. immediately communicated with the Maritime Commission and, through the Senator from Pennsylvania [Mr. GUFFEY] and myself objected to the sale of the vessels for scrapping, on the ground that if these ships or any other ships in the laid-up fleet, not, however, in excess of a total of 46, are to be scrapped, such ships must be delivered to the Boston Co. under its original contract.

It is the contention of the Boston Iron & Metal Co. that, as the original contract of November 5, 1932, gave the United States the right to withdraw vessels from delivery under the contract only when they were to be used or sold for operation or in the event of a national emergency declared by the Secretary of War, and as the Boston Co. was induced to enter into the supplementary agreement of July 29, 1935, upon the representation by the Department of Commerce that only 40 of the 86 then undelivered vessels were not fit for operation or for use for national-defense purposes, and as it now appears that there are at least 27 more of these vessels which cannot be operated and are therefore to be scrapped, the supplementary agreement of July 29, 1935, is not binding upon the Boston Co., and that, in equity and in good conscience, as well as in law, these additional 27 vessels, and any others in the same category, not exceeding a total of 46, should and must be delivered to the Boston Co. under its original contract.

The Boston Co. at no time had any control over the survey made under the auspices of the Department of Com-

merce, nor did it at any time have access to the records of that survey. If that survey showed that there were only 40 vessels in the laid-up fleet which were not longer fit for commercial operation or national defense purposes, the Boston Co. is not responsible for that mistake. If the survey had not been fully completed when the supplementary agreement was made, the Boston Co. should have been apprised of that fact. In any event, it now appears that instead of 40 there were at least 67 vessels of this classification. Even though the representation that there were only 40 of such ships was made to the Boston Co. in the utmost good faith, that cannot alter the fact that the Boston Co. was induced to enter into the supplementary agreement upon the basis of this representation. Consequently, as the consideration and inducement for the making of this supplementary agreement by the Boston Co. has wholly failed, the supplementary agreement has become a nullity.

I should like to add that, so long as the Boston Co. was led to believe that all of the 46 undelivered ships might be required for national defense purposes, even though the existence of an emergency had not been declared by the Secretary of War, as required by the original contract, the Boston Co. was entirely willing, as a matter of patriotic duty, to forego its right to these ships, so that the national defense might not be impaired. However, as it is now obvious that at least the 27 ships now immediately in question cannot possibly be used for national defense purposes because they are fit for scrapping only, there is no reason why the Boston Co. should stand by any further, at least as to these 27 ships and such additional ships as may be in the same category, not exceeding 46.

Mr. President, I wish to conclude with a very brief observation. Here was a company that had won by competitive bidding a contract to scrap a number of ships. The company was told that because of one thing or another it would be its patriotic duty to allow the ships concerning which it had every right to enter into contract to be retained by the National Government for operation for national-defense purposes or for operation incident thereto. Subsequent to that, after the company had entered into the new contract, the Federal Government offered the same ships for scrapping, and they were sold in part to foreign countries and towed across the Atlantic to be scrapped in foreign shipyards, even though under the original contract the Boston Co. was entitled to those ships for scrapping in the United States.

During the last campaign in my State my political opponent, Mr. David J. Lewis, a former Member of Congress, in the primary was a candidate for the United States Senate. Mr. Lewis did not say directly that there was anything improper in this contract, nor did he say directly that my conduct was improper in connection with this matter, but by innuendo the contract was dragged into the campaign as if some fraud had been perpetrated on the Government, as if I had some unseen interest in the matter. And his press agent, Mr. Drew Pearson, likewise was very active in circulating the innuendo that there was something wrong with this contract.

I challenge each of those gentlemen to come before the appropriate committee of the Senate and to bring forth anything, direct or indirect, to substantiate the innuendoes of the last campaign. If they do not come they must stand forever indicted as scandalmongers, as dispensers of gossip who have no regard for their own reputation, because they would attack without having facts the reputation of another.

Further than that, pressure was brought upon Mr. Daniel Roper, the then Secretary of Commerce, to issue a statement that would conduce to the general atmosphere of fraud surrounding this transaction. Mr. Roper said, "Yes; Senator Tammings nearly worried me to death over that contract." That was true. I probably saw Mr. Roper 30 times, and I want Mr. Roper and anyone else in the Cabinet, or the President of the United States, or anyone else who knows of anything in the slightest way, directly or indirectly, improper in connection with this transaction to come before the appropriate Senate committee like men and bring it out in the open and not be parties to condoning this sort of malicious gossip.

For that reason I publicly present this bill. I have read a short memorandum of the facts so that all may be put on notice, and that we will have a showdown as to where the lying is being done and who is doing it. The above is indicative of the malicious propaganda which this crowd circulated in their last lamented campaign.

I did not dignify these malicious statements with notice then, and I only refer to them now because in introducing this measure I want to let all in and out of the Government know that they now, if they be men, have an opportunity to come forward before the committee and present any facts or information they may have.

Personally, I am well content with the outcome of the election contest in Maryland in 1938.

The PRESIDENT pro tempore. Without objection, the bill introduced by the Senator from Maryland will be received and appropriately referred.

The bill (S. 2207) for the relief of the Boston Iron & Metal Co., a Maryland corporation, conferring jurisdiction on the Court of Claims to hear and determine the claim of said company, was referred to the Committee on Claims, and appears elsewhere in today's RECORD under its appropriate heading.

CONSIDERATION OF UNOBTAINED-TO BILLS ON THE CALENDAR

Mr. BARKLEY. I ask unanimous consent that the Senate proceed to consider bills on the calendar to which there is no objection.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McNARY. Mr. President, I think we should have a greater attendance of Senators for the call of the calendar. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Hughes	Reed
Andrews	Davis	Johnson, Calif.	Reynolds
Ashurst	Donahay	Johnson, Colo.	Russell
Austin	Downey	La Follette	Schwartz
Bankhead	Ellender	Lee	Schwellenbach
Barbour	Frazier	Lodge	Sheppard
Barkley	George	Logan	Shipstead
Bilbo	Gerry	McCarran	Smathers
Bone	Gibson	McKellar	Stewart
Borah	Gillette	McNary	Taft
Bridges	Glass	Mead	Thomas, Okla.
Brown	Green	Miller	Thomas, Utah
Bulow	Guffey	Minton	Townsend
Burke	Gurney	Murray	Truman
Byrd	Harrison	Neely	Tydings
Capper	Hatch	Norris	Vandenberg
Caraway	Hayden	O'Mahoney	Wagner
Chavez	Herring	Overton	Walsh
Clark, Idaho	Hill	Pepper	Wheeler
Clark, Mo.	Holman	Pittman	Wiley
Connally	Holt	Radcliffe	

The PRESIDENT pro tempore. Eighty-three Senators have answered to their names. A quorum is present.

The Clerk will proceed to call the bills on the calendar.

BILLS AND RESOLUTIONS PASSED OVER

The bill (S. 326) for the payment of awards and appraisals heretofore made in favor of citizens of the United States on claims presented under the General Claims Convention of September 8, 1923, United States and Mexico, was announced as first in order.

Mr. VANDENBERG. I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The resolution (S. Res. 58) providing that a calendar day's notice shall suffice in connection with suspension of a rule, was announced as next in order.

Mr. McNARY. Let the resolution go over.

The PRESIDENT pro tempore. The resolution will be passed over.

The resolution (S. Res. 74) providing for a Committee on Civil Aviation was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDENT pro tempore. The resolution will be passed over.

The bill (S. 685) to create a Division of Water Pollution Control in the United States Public Health Service, and for other purposes, was announced as next in order.

Mr. VANDENBERG. I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

INDIAN CLAIMS BILLS PASSED OVER

The joint resolution (S. J. Res. 45) to amend the act of July 3, 1926, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render judgment in claims which the Crow Tribe of Indians may have against the United States, and for other purposes" (44 Stat. L. 807), was announced as next in order.

Mr. VANDENBERG. Mr. President, this is one of that series of bills to which the Senator from Utah [Mr. KING] has objected. I wonder if the Senator from Utah has withdrawn his objection.

Mr. BARKLEY. Let those measures go over.

The PRESIDENT pro tempore. Senate Joint Resolution 45 will be passed over, and the bills immediately following Senate Joint Resolution 45 on the calendar, beginning with Senate bill 783, Calendar No. 100, down to and including Senate bill 498, Calendar No. 116, will, without objection, be passed over.

(In addition to Senate Joint Resolution 45, the bills passed over on request of Mr. BARKLEY are as follows):

S. 783. A bill to amend the act, as amended, entitled "An act to refer the claims of the Delaware Indians to the Court of Claims, with the right of appeal to the Supreme Court of the United States," approved February 7, 1925;

S. 784. A bill for the relief of certain Indians of the Winnebago Agency, Nebr.;

S. 790. A bill conferring jurisdiction upon the Court of Claims to hear and determine the claims of the Prairie Band or Tribe of Pottawatomie Indians of Kansas and Wisconsin against the United States;

S. 1222. A bill authorizing an appropriation for payment to the Osage Tribe of Indians on account of lands sold by the United States;

S. 767. A bill conferring jurisdiction on the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have against the United States, and for other purposes;

S. 864. A bill authorizing the Arapahoe and Cheyenne Indians to submit claims to the Court of Claims, and for other purposes;

S. 962. A bill to define the status of certain lands purchased for the Choctaw Indians, Mississippi; and

S. 498. A bill authorizing an appropriation to carry out the provisions of section 26 of the agreement with the Muskogee or Creek Tribe of Indians, approved March 1, 1901.

EXTENSION OF PUBLIC HEALTH FACILITIES TO FOREIGN SERVICE OFFICERS

The bill (S. 1464) to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States was announced as next in order.

Mr. McNARY. Mr. President, I have no personal objection to this bill, but I should like to have it explained, if action is to be taken on it.

The PRESIDENT pro tempore. The junior Senator from Rhode Island [Mr. GREEN] is asked to explain the bill. The bill is S. 1464, which is similar to House bill 3537.

Mr. GREEN. Mr. President, I have just sent to my office for some papers which contain a detailed explanation of the measure. I suggest that the bill be passed over temporarily until the papers for which I have sent arrive.

The PRESIDENT pro tempore. Without objection, Senate bill 1464 will be temporarily passed over.

BILL PASSED OVER

The bill (S. 902) to amend the act entitled "An act authorizing the temporary detail of United States employees, possessing special qualifications, to governments of American

republics and the Philippines, and for other purposes," approved May 25, 1938, was announced as next in order.

Mr. DANAHER. Mr. President, I should like to hear an explanation of the bill.

The PRESIDENT pro tempore. The bill will be temporarily passed over for the same reason that the previous bill was passed over.

EXTENSION OF CIVIL SERVICE RETIREMENT ACT TO CERTAIN EMPLOYEES OF INDIAN SCHOOLS

The bill (S. 95) to amend the Civil Service Retirement Act of May 22, 1920, as amended, to extend retirement to certain employees of certain Indian schools was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the provisions of the Civil Service Retirement Act of May 22, 1920, as amended, be extended to those employees of the Bloomfield Seminary, Euchee Boarding School, Eufaula Boarding School, Jones Male Academy, Mekusukey Male Academy, Tuskaohoma Academy, and Wheelock Female Academy, Indian Service, who were, by reason of absence of duty through no fault of their own, not granted a classified status under the Executive order of June 2, 1926, and who subsequently served in their former positions until replaced by civil-service eligibles.

BILLS PASSED OVER

The bill (S. 1706) to provide for reorganizing agencies of the Government, and for other purposes, was announced as next in order.

Mr. BARKLEY. I ask that the bill be passed over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 1162) to provide for the recognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal, was announced as next in order.

The PRESIDENT pro tempore. The bill will be temporarily passed over.

INTERNATIONAL MANUFACTURERS' SALES CO. OF AMERICA, INC.

The Senate proceeded to consider the joint resolution (S. J. Res. 86) for the relief of International Manufacturers' Sales Co. of America, Inc., A. S. Postnikoff, trustee, which had been reported from the Committee on Claims with an amendment to strike out all after the resolving clause and to insert the following:

That jurisdiction is hereby conferred upon the Court of Claims of the United States, notwithstanding the lapse of time or any statute of limitations, or other limitations upon the jurisdiction of such court, to hear, consider, and render judgment in accordance to equity and justice upon the claims of the International Manufacturers' Sales Co. of America, A. S. Postnikoff, trustee, for actual losses suffered by reason of an order issued by the Federal Reserve Board on February 14, 1919, prohibiting the exportation or importation of Russian rubles or the transfer of funds for their purchase by persons and dealers in the United States: *Provided, however,* That from any decision or judgment rendered in any suit presented under the authority of this act a writ of certiorari to the Supreme Court of the United States may be applied for by either party thereto, as is provided by law in other cases.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The PRESIDING OFFICER. The question is on agreeing to the preamble.

The preamble was rejected.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (S. 1303) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to cotton, was announced as next in order.

Mr. McNARY. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 2971) for the relief of certain Indians of the Winnebago Agency was announced as next in order.

SEVERAL SENATORS. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 3134) to amend the act entitled "An act authorizing the temporary detail of United States employees possessing special qualifications, to governments of American

republics and the Philippines, and for other purposes," approved May 25, 1938, was announced as next in order.

Mr. McNARY. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (H. R. 3367) to define the status of certain lands purchased for the Choctaw Indians, Mississippi, was announced as next in order.

SEVERAL SENATORS. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The joint resolution (S. J. Res. 11) directing the Comptroller General to readjust the accounts between the United States and the State of Vermont was announced as next in order.

Mr. AUSTIN. Mr. President, I know that the Senator from Nebraska [Mr. BURKE] has always objected to this measure being passed on the call of the calendar, and I do not want to take advantage of his absence. Although I want the joint resolution passed promptly, I prefer to have it taken up when he is present.

The PRESIDENT pro tempore. The joint resolution will be passed over.

GRADES AND RATINGS OF ENLISTED MEN OF THE ARMY

The bill (S. 841) to authorize the Secretary of War to prescribe the number of grades and ratings of enlisted men of the Army was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 4b of the National Defense Act, as amended, be, and is hereby, amended to read as follows:

"Sec. 4b. Enlisted men: Commencing July 1, 1939, the grades and ratings of enlisted men shall be such as the Secretary of War may from time to time direct, with monthly base pay in each grade and pay for each rating as prescribed by law. The numbers in grades and/or ratings of enlisted men shall be such as are authorized from time to time by the Secretary of War: *Provided,* That nothing in this section shall operate to reduce the pay which any enlisted man is now receiving, during his current enlistment and while he holds his present grade and rating, nor to change the present rate of pay of any enlisted man now on the retired list, nor to change existing provisions of law relating to flying cadets: *Provided further,* That the transportation privileges authorized by section 12 of the act of Congress approved May 18, 1920, shall apply only to enlisted men of the first three grades: *Provided further,* That nothing herein shall be construed to authorize any increase in the number of the enlisted personnel of the Regular Army."

BILLS PASSED OVER

The bill (S. 1462) to amend an act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," was announced as next in order.

Mr. McNARY. Mr. President, I should like an explanation of the bill.

The PRESIDENT pro tempore. The Senator from Oregon requests an explanation of the bill.

Mr. BARKLEY. Mr. President, the Senator from Texas [Mr. SHEPPARD], the author of the bill, is temporarily absent. I suggest that the bill be temporarily passed over.

The PRESIDENT pro tempore. The bill will be temporarily passed over.

Mr. SCHWARTZ subsequently said: Mr. President, I should like to inquire what action was taken with respect to Calendar No. 215, Senate bill 1462?

The PRESIDENT pro tempore. It was temporarily passed over.

Mr. SCHWARTZ. I should like to say that an identical bill, House bill 4087, passed the House on April 3, 1939.

The PRESIDENT pro tempore. Does it appear on the calendar?

Mr. SCHWARTZ. It does not appear on the calendar. House bill 4087 is an identical bill, and passed the House on April 3. If there is no objection, I should like to have the House bill substituted for Senate bill 1462 and considered at this time.

The PRESIDENT pro tempore. The Chair is informed that the House bill is not on the calendar.

The bill (S. 795) to provide for the education of all types of physically handicapped children, to make an appropriation of

money therefor, and to regulate its expenditure was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

HOSPITALIZATION AND MEDICAL TREATMENT OF PERSONS IN ACTIVE MILITARY SERVICE

The Senate proceeded to consider the bill (S. 840) to amend and clarify the provisions of the act of June 15, 1936 (49 Stat. 1507), and for other purposes, which had been reported from the Committee on Military Affairs with an amendment, on page 2, line 2, after the word "status", to strike out "; and the Comptroller General is authorized and directed to adjust and allow all claims, if otherwise allowable, for hospitalization and medical treatment of the aforesaid persons heretofore disallowed by his office on the grounds that their hospitalization and medical treatment are authorized only when their injury or disease is incurred in line of duty, and all payments heretofore made in such cases are hereby ratified and validated", so as to make the bill read:

Be it enacted, etc., That neither of the provisions of the act of June 15, 1936 (49 Stat. 1507), nor any other law of the United States shall be construed as limiting the power and authority of the Secretary of War, under such regulations as he may prescribe, to require the hospitalization and medical treatment of persons in the active military service, and to incur obligations with respect thereto, without reference to their line-of-duty status: *Provided,* That this act shall not apply to officers and enlisted men who are treated in private hospitals or by civilian physicians while on furloughs or leaves of absence in excess of 24 hours.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1681) to amend section 107 of the Judicial Code to create a mountain district in the State of Tennessee, and for other purposes, was announced as next in order.

Mr. AUSTIN. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

SAM ALEXANDER

The bill (S. 505) authorizing the President of the United States to summon Sam Alexander before an Army retiring board, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to summon Sam Alexander, formerly a field clerk, Quartermaster Corps, United States Army, and major, Signal Corps, United States Army, before a retiring board for the purpose of hearing his case and inquiring whether at the time of his separation from the service he was incapacitated for active service, and whether such incapacity was a result of an incident of service and if, as a result of such hearing and inquiry, it is found that he was so incapacitated, the President is authorized to appoint the said Sam Alexander a warrant officer, Regular Army, and place him immediately thereafter upon the retired list of the Army, with the same privileges and retired pay as are now or may hereafter be provided by law or regulation for warrant officers of the Regular Army: *Provided,* That the said Sam Alexander shall not be entitled to any back pay or allowances by the passage of this act.

BILLS AND RESOLUTION PASSED OVER

The bill (S. 570) to regulate interstate and foreign commerce in agricultural products; to prevent unfair competition; to provide for the orderly marketing of such products; to promote the general welfare by assuring an abundant and permanent supply of such products by securing to the producers a minimum price of not less than cost of production, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The resolution (S. Res. 107) opposing sales of American cotton during the present world crisis to foreign purchasers below the cost of production was announced as next in order.

Mr. BARKLEY. Let the resolution go over.

The PRESIDENT pro tempore. The resolution will be passed over.

The bill (S. 1305) to promote the general welfare through appropriation of funds to assist the States and Territories in

providing more effective programs of public education was announced as next in order.

Mr. VANDENBERG (and other Senators). Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

PROCUREMENT OF CERTAIN AIRCRAFT WITHOUT ADVERTISING

The bill (S. 1018) to authorize the procurement, without advertising, of certain aircraft parts and instruments or aeronautical accessories, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That whenever proposals are invited for the furnishing of aircraft parts or instruments or aeronautical accessories for the War Department, the character of which or the ingredients thereof are of such a nature that the interests of the public service would be injured by publicly divulging them, the Chief of the Air Corps is authorized to purchase such aircraft parts or instruments or aeronautical accessories in such manner as he may deem most economical and efficient: *Provided,* That this act will not be construed as in any way amending the act of July 2, 1926 (44 Stat. 780), or as authorizing the open market purchase of airplanes for purposes other than as provided in that act. All laws and parts of laws which are inconsistent herewith or in conflict with the provisions hereof are hereby repealed.

BILL PASSED OVER

The bill (S. 2065) to provide for the regulation of the sale of certain securities in interstate and foreign commerce and through the mails, and the regulation of the trust indentures under which the same are issued, and for other purposes, was announced as next in order.

Mr. LODGE. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

COMPENSATION FOR DISABILITY OR DEATH OF EMPLOYEES ON PUBLIC BUILDINGS AND PUBLIC WORKS

The bill (S. 835) to provide compensation for disability or death resulting from injury to employees of contractors on public buildings and public works was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That this act may be cited as the Federal Building Workmen's Compensation Act.

Sec. 2. When used in this act—

(1) The term "person" means any individual, firm, copartnership, corporation, company, association, or joint-stock association; and includes any trustee, receiver, assignee, or personal representative thereof.

(2) The term "injury" means accidental injury or death arising out of and in the course of employment, and such occupational disease or infection as arises naturally out of such employment or as naturally or unavoidably results from such accidental injury, and includes an injury caused by the willful act of a third person directed against an employee because of his employment.

(3) The term "employer" means any person entering into a contract specified in section 3 of this act, or subcontractor or other person any of whose employees are employed on work covered by any such contract.

(4) The term "employee" means any person employed by an employer on work covered by any contract specified in section 3 of this act.

(5) The term "State" includes a Territory and the District of Columbia.

(6) The term "United States" when used in a geographical sense means the several States and Territories and the District of Columbia, including the Territorial waters thereof.

(7) The term "death" as a basis for a right to compensation means only death resulting from an injury.

Sec. 3. (a) Every contract entered into with the United States or any executive department, independent establishment, or agency thereof (including Government-owned and Government-controlled corporations) for the construction, alteration, or repair of any public building or public works, or to perform any work for any public purpose, in the United States, shall contain conditions requiring

(1) that the contractor shall, before commencing performance of such contract, provide for securing the payment of compensation and the furnishing of other benefits to employees under the provisions of the Longshoremen's and Harbor Workers' Compensation Act, approved March 4, 1927 (U. S. C., 1934 edition, title 33, sec. 901, and the following), as amended, and as made applicable to such employees by this Act, and (2) that the contractor maintain in full force and effect during the term of the contract, and while employees are engaged in work performed under such contract, the security for the payment of such compensation and other benefits: *Provided,* That where the contract is to be performed within a State having a workmen's compensation law and the employees are eligible to receive the benefits provided by such law, the contractor

shall be deemed to have satisfied such conditions, if (A) before commencing the performance of such contract he provides for securing the payment of workmen's compensation benefits under such State workmen's compensation law, and (B) he maintains in full force and effect during the term of such contract, and while employees are engaged in work performed under such contract, the security for the payment of such benefits under such State workmen's compensation law. Any failure to comply with such conditions shall be deemed to be a breach of such contract and a violation of this act.

(b) Insofar as the employees of a subcontractor or other person whose employees are employed on work covered by any such contract are concerned, the contractor shall be deemed to have complied with such conditions if he requires such subcontractor or other person to provide and maintain protection for the employees of such subcontractor or other person to the extent provided for in subsection (a), but any failure on the part of any such subcontractor or other person to provide and maintain such protection shall be deemed a breach of contract, and a violation of this act, by the contractor.

Sec. 4. The provisions of the Longshoremen's and Harbor Workers' Compensation Act, approved March 4, 1927 (U. S. C., 1934 edition, title 33, sec. 901, and the following), as amended, insofar as such provisions are not inappropriate, shall apply in respect to the injury or death of any employee on work covered by a contract entered into pursuant to section 3 of this Act, if recovery for such injury or death through workmen's compensation proceedings is not provided by State laws; and in applying such provisions, the term "employer" shall be held to include any person who enters into a contract specified in section 3 of this act, or any subcontractor or other person any of whose employees are employed on work covered by any such contract, and the term "employee" shall be held to include any person employed by any such employer on work covered by any such contract.

Sec. 5. Any contractor who violates any of the provisions of this act or the rules and regulations issued thereunder shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than \$1,000 or by imprisonment for not more than 1 year, or by both such fine and imprisonment. This section shall not affect any other liability of the employer under this act.

Sec. 6. Any insurer who has a claim for unpaid premiums for any policies of insurance required by this act to be written shall have the right of action and of intervention against the contractor and his sureties conferred upon persons furnishing labor and materials by the act of August 24, 1935 (U. S. C., 1934 ed., title 40, sec. 270).

Sec. 7. The United States Employees' Compensation Commission is authorized to make such rules and regulations as may be necessary to carry out the provisions of this act. The Commission shall prescribe the duties of contracting officers of the United States or of any executive department, independent establishment, or agency thereof, in securing compliance with the provisions of section 3 of this act and may authorize any such contracting officer to waive the conditions of such section, subject to the approval of the Commission, when in its opinion compliance therewith would seriously impede the conduct of the public business.

Sec. 8. If any provisions of this act, or the application of such provisions to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provisions to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

Sec. 9. This act shall apply to all contracts entered into pursuant to invitations for bids issued after the expiration of 60 days after the date of enactment of this act.

IMPROVEMENT OF OUACHITA AND BLACK RIVERS, ARK. AND LA.

The bill (S. 856) to authorize a modification of the project for improvement of the Ouachita and Black Rivers, Ark. and La., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the project for improvement of Ouachita and Black Rivers, Ark. and La., as authorized by the River and Harbor Act of August 26, 1937, is hereby modified in accordance with the recommendation in House Document No. 104, Seventy-sixth Congress.

FLOOD-CONTROL WORKS ON WHITE RIVER, ARK.

The bill (S. 857) to authorize the construction of flood-control works on the White River between Augusta and Clarendon, and at De Valls Bluff, in the State of Arkansas, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the following works of improvement for the benefit of navigation and the control of destructive floodwaters and other purposes are hereby adopted and authorized to be prosecuted under the direction of the Secretary of War and supervision of the Chief of Engineers in accordance with the plans recommended in the report hereinafter designated and subject to the conditions set forth in such document:

Levee system on the east side of White River between Augusta and Clarendon, Ark., and protective works at the town of De Valls Bluff, Ark.; House Document No. 98, Seventy-sixth Congress.

ASSIGNMENT OF PUBLIC HEALTH SERVICE MEDICAL OFFICERS TO COAST AND GEODETIC SURVEY

The bill (H. R. 1776) to provide for the assignment of medical officers of the Public Health Service for duty on vessels of the Coast and Geodetic Survey, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

ST. LAWRENCE RIVER BRIDGE, OGDENSBURG, N. Y.

The bill (H. R. 2661) to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Ogdensburg, N. Y., was considered, ordered to a third reading, read the third time, and passed.

COMPENSATION OF CERTAIN MEMBERS OF NATIONAL ADVISORY HEALTH COUNCIL

The bill (S. 1540) to adjust the compensation of the members of the National Advisory Health Council not in the regular employment of the Government was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That hereafter the members of the National Advisory Health Council not in the regular employment of the Government, appointed in accordance with section 5 of the act approved July 1, 1902 (32 Stat. 713), and section 13 of the act approved April 9, 1930 (46 Stat. 152; U. S. C., title 42, sec. 21), shall, while serving in conference, each receive compensation at a rate to be fixed by the Secretary of the Treasury but not to exceed \$25 per diem. The Surgeon General of the Public Health Service is hereby authorized to utilize the services of any such member or members, in connection with conference matters, for such periods in addition to the conference period as he may determine; and any such member or members shall receive for each day of such service compensation at a rate to be fixed by the Secretary of the Treasury but not to exceed \$25 per diem, together with allowances for actual and necessary traveling expenses and hotel expenses while so employed. Nothing contained in this act shall be construed as affecting the allowances for travel and other expenses to which members of the National Advisory Health Council may be entitled by law.

MISSOURI RIVER BRIDGE, GARRISON, N. DAK.

The Senate proceeded to consider the bill (S. 542) to further extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Garrison, N. Dak., which had been reported from the Committee on Commerce with an amendment, on page 1, line 8, after the numerals "1933", to strike out the word "and", so as to make the bill read:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Missouri River, at or near Garrison, N. Dak., authorized to be built by the State of North Dakota, by the act of Congress approved February 10, 1932, and heretofore extended by acts of Congress approved February 14, 1933, June 12, 1934, May 24, 1935, June 5, 1936, and June 16, 1938, are hereby further extended 2 and 4 years, respectively, from June 12, 1938.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HIGHWAY BRIDGE ACROSS OTTAWA RIVER, TOLEDO, OHIO

The bill (H. R. 3225) authorizing the Department of Highways of the State of Ohio to construct, maintain, and operate a free highway bridge across the Ottawa River at or near the city of Toledo, State of Ohio, was considered, ordered to a third reading, read the third time, and passed.

CUMBERLAND RIVER BRIDGE, DAVIDSON COUNTY, TENN.

The bill (H. R. 3418) granting the consent of Congress to the Highway Department of Davidson County, of the State of Tennessee, to construct a bridge across Cumberland River at a point approximately 1¼ miles below Clees Ferry, connecting a belt-line highway in Davidson County, State of Tennessee, known as the Old Hickory Boulevard, was considered, ordered to a third reading, read the third time, and passed.

FREE HIGHWAY BRIDGE ACROSS WACCAMAW RIVER, N. C.

The bill (H. R. 3589) granting the consent of Congress to the State Highway Commission of North Carolina to con-

struct, maintain, and operate a free highway bridge across Waccamaw River between Old Dock and Ash, N. C., was considered, ordered to a third reading, read the third time, and passed.

WABASH RIVER BRIDGE, PERU, IND.

The bill (H. R. 4243) granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River at or near Peru, Ind., was considered, ordered to a third reading, read the third time, and passed.

MAHONING RIVER BRIDGE, WARREN, OHIO

The bill (H. R. 4432) granting the consent of Congress to the city of Warren, Ohio, to construct, maintain, and operate a free footbridge over Mahoning River, near Stiles Street NW., Warren, Ohio, was considered, ordered to a third reading, read the third time, and passed.

TOLL BRIDGE ACROSS STRAITS OF MACKINAC

The Senate proceeded to consider the bill (S. 1379) granting the consent of Congress to the Mackinac Straits Bridge Authority to construct, maintain, and operate a toll bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac at or near a point between St. Ignace, Mich., and the Lower Peninsula of Michigan, which had been reported from the Committee on Commerce with amendments.

The first amendment was, in section 1, page 1, line 4, after the word "Authority", to strike out "in accordance with" and insert "created by", so as to make the section read:

Be it enacted, etc., That the consent of Congress is hereby granted to the Mackinac Straits Bridge Authority, created by Public Act No. 35 of the 1934 extra session of the Michigan State Legislature, to construct, maintain, and operate a bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac, at a point suitable to the interests of navigation, at or near a point between St. Ignace, Mich., and the Lower Peninsula of Michigan, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

The amendment was agreed to.

The next amendment was, in section 2, page 2, line 16, after the word "including", to strike out "reasonable" and insert "at a rate not to exceed 5 percent per annum"; in line 23, after the words "free of", to strike out "highway"; and in the same line, after the words "rates of", to strike out "highway", so as to make the section read:

SEC. 2. If tolls are charged for the use of such bridge or series of bridges, causeways, and approaches thereto, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge or series of bridges, causeways, and approaches thereto, under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge or series of bridges, causeways, and approaches thereto, including at a rate not to exceed 5 percent per annum interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 30 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge or series of bridges, causeways, and approaches thereto, shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge or series of bridges, causeways, and approaches thereto, under economical management. An accurate record of the costs of the bridge or series of bridges, causeways, and approaches thereto, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Mackinac Straits Bridge Authority, created by Public Act No. 35 of the 1934 extra session of the Michigan State Legislature, to construct, maintain, and operate a bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac, at a point suitable to the interests of navigation, at or near a point between St. Ignace, Mich., and the Lower Peninsula of Michigan, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge or series of bridges, causeways, and approaches thereto, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge or series of bridges, causeways, and approaches thereto, under economical management and to provide a sinking fund sufficient to amortize the cost of the bridge or series of bridges, causeways, and approaches thereto, including at a rate not to exceed 5 percent per annum interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 30 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge or series of bridges, causeways, and approaches thereto shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge or series of bridges, causeways, and approaches thereto, under economical management. An accurate record of the costs of the bridge or series of bridges, causeways, and approaches thereto, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

ST. LOUIS RIVER BRIDGE, DULUTH, MINN., AND SUPERIOR, WIS.

The bill (S. 965) to amend the act entitled "An act authorizing the Port Authority of Duluth, Minn., and the Harbor Commission of Superior, Wis., to construct a highway bridge across the St. Louis River from Rices Point in Duluth, Minn., to Superior in Wisconsin," approved June 30, 1938, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the first section of the act entitled "An act authorizing the Port Authority of Duluth, Minn., and the Harbor Commission of Superior, Wis., to construct a highway bridge across the St. Louis River from Rices Point in Duluth, Minn., to Superior in Wisconsin," approved June 30, 1938, is amended by striking out "to the vicinity of the lower end of Banks Avenue extended to the shore line in Superior, Wis." and inserting in lieu thereof "to such point in Superior, Wis., as the Harbor Commission of Superior shall designate."

MAHONING RIVER BRIDGES, YOUNGSTOWN, OHIO

The bill (H. R. 1661) granting the consent of Congress to the city of Youngstown, Ohio, to construct, maintain, and operate a free highway bridge across the Mahoning River at or near Marshall Street, Youngstown, Ohio, was considered, ordered to a third reading, read the third time, and passed.

The bill (H. R. 1962) granting the consent of Congress to the city of Youngstown, Ohio, to construct, maintain, and operate a free highway bridge across the Mahoning River at or near Cedar Street, Youngstown, Ohio, was considered, ordered to a third reading, read the third time, and passed.

ALLEGHENY RIVER BRIDGE, WESTMORELAND COUNTY, PA.

The bill (H. R. 2635) granting the consent of Congress to Westmoreland County in the State of Pennsylvania to construct, maintain, and operate a free highway intercounty bridge and approaches across the Allegheny River, connecting Valley Camp in Westmoreland County and East Deer Township in Allegheny County, to connect State Highway Routes Nos. 28 and 56 was considered, ordered to a third reading, read the third time, and passed.

MISSISSIPPI RIVER BRIDGE, ROCK ISLAND, ILL., TO DAVENPORT, IOWA

The bill (H. R. 4527) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Rock Island, Ill., to a place at or near the city of Davenport, Iowa, was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1265) to establish a Department of Public Works, to amend certain sections of the Social Security Act, and for other purposes, was announced as next in order.

Mr. McNARY. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

MARTHA AUSTIN

The Senate proceeded to consider the bill (S. 1778) authorizing the Secretary of the Interior to issue to Martha Austin a patent to certain land, which had been reported from the Committee on Public Lands and Surveys with an amendment

at the end of the bill to add a proviso, so as to make the bill read:

Be it enacted, etc. That the Secretary of the Interior is authorized and directed to issue to Martha Austin a patent in fee to the north half southwest quarter section 1, and north half southeast quarter section 2, township 34 north, range 31 east, Montana principal meridian: *Provided* That the patent shall contain a reservation to the United States of all the oil and gas in the lands so patented, together with the right to prospect for, mine, and remove the same in accordance with the provisions, reservations, conditions, and limitations of the act of July 17, 1914 (38 Stat. 509).

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONFEDERATE VETERANS' 1939 REUNION

The bill (S. 1243) to authorize the use of War Department equipment for the Confederate Veterans' 1939 Reunion at Trinidad, Colo., August 22, 23, 24, and 25, 1939, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to lend, at his discretion, to the reunion committee of the United Confederate Veterans, for use at the National Confederate Veterans' Reunion, to be held at Trinidad, Colo., August 22, 23, 24, and 25, 1939, 2 hospital ward tents, with all pegs, poles, and equipment necessary for their erection; 1 storage tent complete with all equipment; 1 large wall tent complete with all equipment; 6 small wall tents complete with all equipment; 10 pyramidal tents complete with all equipment; 50 14-quart G. I. buckets; 2,000 blankets, olive drab, wool; 1,000 cots, iron; 1,000 comforters; 1,000 cotton-felted pillows complete with cotton pillowcases; 2,000 cotton bed sheets: *Provided*, That no expense shall be caused the United States Government by the delivery and return of said property; the same to be delivered from the nearest quartermaster depot at such time prior to the holding of said reunion as may be agreed upon by the Secretary of War and the Confederate Reunion Committee: *Provided further*, That the Secretary of War, before delivery of such property, shall take from said reunion committee of the United Confederate Veterans a good and sufficient bond for the safe return of said property in good order and condition, and the whole without expense to the United States.

RIGHT-OF-WAY TO STANOLIND PIPE LINE CO.

The bill (S. 504) to provide a right-of-way was announced as next in order.

Mr. VANDENBERG. Mr. President, to what does this bill refer—a right-of-way for what?

The PRESIDENT pro tempore. The clerk will read the bill.

The Chief Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and empowered, under such terms and conditions as are deemed advisable by him, to grant to the Stanolind Pipe Line Co., its successors and/or assigns, an easement for a right-of-way for an oil pipe line over, across, in, and upon the Ellington Field Military Reservation, in the State of Texas: *Provided*, That such right-of-way shall be granted only upon a finding by the Secretary of War that the same will be in the public interest and will not substantially injure the interest of the United States in the property affected thereby: *Provided further*, That all or any part of such right-of-way may be annulled and forfeited by the Secretary of War if the property is needed for governmental purposes or for failure to comply with the terms or conditions of any grant hereunder, or for nonuse or for abandonment of rights granted under authority hereof.

Mr. VANDENBERG. Very well. If it is a pipe line, it is all right.

The bill was considered, ordered to be engrossed for a third reading, read the third time, and passed.

LONG ISLAND RAILROAD CO.

The bill (S. 1034) to authorize the Secretary of War to terminate certain leases of the Long Island Railroad Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to terminate the leases between the Long Island Railroad Co. and the Secretary of War dated May 7, 1926, and November 1, 1926, of property described therein as the United States Army Base, Bay Ridge, Brooklyn, N. Y., upon the railroad company placing the railroad tracks and facilities located on the premises covered by these leases in good and safe operating condition, giving all title to the railroad company's freight station, railroad tracks, and facilities to the United States now on the said

premises, and paying in addition 6 months' rental, at the going rate, from the time of the termination of the leases as the consideration for the termination thereof.

COAST GUARD STATION, KEWEENAW PENINSULA, MICH.

The bill (H. R. 899) to provide for the establishment of a Coast Guard station on the east coast of the Keweenaw Peninsula, Mich., was considered, ordered to a third reading, read the third time, and passed.

MARKETING AGREEMENTS—HOPS

The bill (S. 1579) to extend the time during which orders and marketing agreements under the Agricultural Adjustment Act, as amended, may be applicable to hops, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 3 of the act entitled "An act to amend the Agricultural Adjustment Act, as amended, by including hops as a commodity to which orders under such act are applicable," approved April 13, 1938, is amended to read as follows:

"Sec. 3. No orders issued pursuant to section 8c of the Agricultural Adjustment Act, as amended, shall be applicable to hops after September 1, 1942."

AIR NAVIGATION FACILITIES, BALTIMORE, MD.

The bill (S. 2044) making inapplicable certain reversionary provisions in the act of March 4, 1923 (42 Stat. 1450), and a certain deed executed by the Secretary of War, in the matter of a lease to be entered into by the United States for the use of a part of the former Fort Armistead Military Reservation for air-navigation purposes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the reversionary provisions of the aforesaid act and deed shall not be applicable to the aforesaid property by virtue of the leasing of said part thereof (3¼ acres, more or less) by the mayor and City Council of the City of Baltimore to the United States for air-navigation purposes.

The preamble was agreed to.

STATUS OF OFFICERS IN JUDGE ADVOCATE GENERAL'S DEPARTMENT

The Senate proceeded to consider the bill (S. 1993) to amend section 8 of the National Defense Act, and for other purposes, which was read, as follows:

Be it enacted, etc., That section 8 of the National Defense Act is amended to read as follows:

"The Judge Advocate General's Department, in time of peace, shall consist of one Judge Advocate General, as now provided by law, and not to exceed 149 other officers in grades from captain to colonel."

Sec. 2. That officers holding commissions in the Judge Advocate General's Department upon the effective date of this act shall be removed from the promotion list, and such officers and other persons thereafter commissioned in said Department, either by appointment or transfer, shall thereafter be promoted as are officers in the Medical Corps, Veterinary Corps, Dental Corps, and Chaplain's Corps; that is to say, to major upon the completion of 12 years' active commissioned Federal service; to lieutenant colonel upon the completion of 20 years of such service; to colonel upon the completion of 26 years of such service; all promotions to be subject to such examinations as are now prescribed by law for officers of the Judge Advocate General's Department: *Provided*, That the provisions of this act shall not apply to officers initially commissioned in the Regular Army in the field grades: *Provided further*, That with respect to the officers now commissioned as majors and captains in the Judge Advocate General's Department, each shall be assumed to have, for promotion purposes, at least the same length of active commissioned Federal service as any officer junior to him, in his grade, in relative rank: *And provided further*, That no officer of said Department shall be promoted to colonel in advance of any officer senior to him in relative rank.

Sec. 3. Hereafter any officer transferred to the Judge Advocate General's Department shall take rank after the officers then in his grade and shall be assumed to have, then and thereafter, for promotional purposes, no more active commissioned Federal service than any officer senior to him in said Department at the time of and after his transfer.

Sec. 4. Hereafter any person appointed in the Judge Advocate General's Department, except by transfer, shall be assumed to have, for purposes of promotion and pay, one day's less active commissioned Federal service than the then junior captain of said Department.

Sec. 5. All laws and parts of laws in conflict with the provisions of this act are hereby repealed to the extent of such conflict: *Provided, however*, That the authorized strength of the Regular Army shall not be increased by the operation of this act.

Mr. VANDENBERG. Mr. President, may we have an explanation of the bill?

Mr. MINTON. Mr. President, the only purpose of the bill is to take the members of the Judge Advocate General's Office off the promotion list and place them on the non-promotion list, along with doctors, dentists, and veterinarians.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 111) designating August 19 of each year as National Aviation Day was announced as next in order.

Mr. McNARY. Let the joint resolution go over.

The PRESIDENT pro tempore. The joint resolution will be passed over.

LOAD LINES FOR AMERICAN VESSELS

The bill (S. 1583) to amend the act of March 2, 1929 (45 Stat. 1492), entitled "An act to establish load lines for American vessels, and for other purposes," was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 1 of the act of March 2, 1929 (45 Stat. 1492; U. S. C., 1934 edition, title 46, sec. 85), entitled "An act to establish load lines for American vessels, and for other purposes," is amended to read as follows:

"Load lines are hereby established for the following vessels:

"(a) Merchant vessels of 150 gross tons or over, loading at or proceeding to sea from any port or place within the United States or its possessions for a foreign voyage by sea, the Great Lakes excepted.

"(b) Merchant vessels of the United States of 150 gross tons or over, loading at or proceeding to sea from any foreign port or place for a voyage by sea, the Great Lakes excepted."

SEC. 2. That section 8 (c) of the act of March 2, 1929 (45 Stat. 1494; U. S. C., 1934 edition, title 46, sec. 85g (c)), is amended to read as follows:

"If any person shall knowingly permit or cause or attempt to cause any vessel subject to this act and to the regulations established thereunder to depart, or if, being the owner, manager, agent, or master of such vessel, he shall fail to take reasonable care to prevent her from departing from her loading port or place when loading in violation of section 4, or if any person shall knowingly permit or cause or attempt to cause a foreign vessel exempted pursuant to section 5 to depart, or if, being the owner, manager, agent, or master of such vessel, he shall fail to take reasonable care to prevent her from departing from her loading port or place when loaded more deeply than permitted by the laws and regulations of the country to which she belongs, he shall, in respect of each offense, be liable to the United States in a penalty of \$500. The Secretary of Commerce may, in his discretion, remit or mitigate any penalty imposed under this paragraph."

RETIREMENT OF ENLISTED PERSONNEL OF COAST GUARD

The bill (S. 595) to increase further the efficiency of the Coast Guard by authorizing the retirement under certain conditions of enlisted personnel thereof with 20 or more years of service was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Commandant of the Coast Guard (hereinafter referred to as the "Commandant") shall assemble annually a Coast Guard Enlisted Personnel Board (hereinafter referred to as the "Board"), to be composed of not less than three commissioned officers on the active list of the Coast Guard. It shall be the duty of the Board to recommend for retirement such enlisted men of the Coast Guard, who have 20 or more years of service, whom the Board determines, in its discretion, should be retired from active service. The recommendations of the Board shall be transmitted to the Commandant for final action. If the Commandant shall approve the recommendations of the Board, the enlisted man concerned shall be notified thereof in writing, and any enlisted man who, within 30 days after receipt of such notification, files with the Commandant a written protest of the action taken by the Board in his case shall not be retired involuntarily under this act unless a subsequent annual Board again determines, in its discretion, that such enlisted man should be retired and so recommends, in which case such enlisted man may, upon approval by the Commandant, be retired from active service with retired pay as prescribed by section 5 hereof. At the expiration of 30 days after receipt by an enlisted man of notice as aforesaid, in the event that no such protest is filed by him within the period prescribed, such enlisted man may, upon approval by the Commandant, be retired from service with retired pay as prescribed by section 5 hereof. If the Commandant shall disapprove any

recommendation of the Board, the enlisted man concerned shall retain his status in the Coast Guard to the same extent as if his case had not been considered.

SEC. 2. An enlisted man of the Coast Guard who has 20 or more years of service may, upon suitable application to and approval by the Commandant, be retired from active service with retired pay as prescribed by section 5 hereof.

SEC. 3. The total number of enlisted men who may be retired in any one fiscal year under sections 1 and 2 of this act shall not exceed the whole number nearest to 1 percent of the total enlisted force of the Coast Guard on the active list as of January 1 of such year, to be divided in such proportion between retirements under sections 1 and 2 of this act as may be determined by the Commandant.

SEC. 4. The Secretary of the Treasury is authorized to call any enlisted man who has been retired pursuant to this act into active service for such duty as he may be able to perform. While so employed such enlisted man shall receive full pay, allowances, and benefits authorized by law, shall be eligible for promotion, and shall be entitled to the benefits of continuous service for such rank and for such length of time as he is or has been employed in active service, and when relieved of active service shall retain upon the retired list the rank and service held by him at the time of such relief, with pay and such increases as are prescribed in section 5 of this act.

SEC. 5. The annual rate of pay of any enlisted man retired under this act shall be 2½ percent of the sum of his base pay and all permanent additions thereto at the time of his retirement, multiplied by the number of years of his service: *Provided*, That any enlisted man retired under this act who has been cited for extraordinary heroism in line of duty, or whose average marks in conduct during his service in the Coast Guard shall be not less than 97½ percent of the maximum, shall be entitled to have his retired pay increased by an amount equal to 10 percent of the sum of his base pay and all permanent additions thereto at the time of his retirement: *Provided further*, That the retired pay of any enlisted man retired under this act shall not in any case exceed 75 percent of the sum of his base pay and all permanent additions thereto at the time of his retirement: *And provided further*, That the determination of the Secretary of the Treasury as to what constitutes extraordinary heroism for the purpose of this section shall be final and conclusive.

SEC. 6. (a) The provisions of this act shall be supplementary to, but shall not be construed to limit or supersede, existing laws relating to the retirement of enlisted personnel of the Coast Guard.

(b) The Commandant may prescribe such regulations, which shall be subject to approval by the Secretary of the Treasury, as may be necessary to carry out the purposes of this act.

FACILITIES FOR COAST GUARD

The bill (S. 1369) to authorize necessary facilities for the Coast Guard in the interest of national defense and the performance of its maritime police functions was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, in the interest of national defense, and to provide adequate facilities for the Coast Guard for the performance of maritime police functions, the Secretary of the Treasury is hereby authorized (1) to construct and equip three Coast Guard cutters, of approximately 2,000 tons displacement each and designed to have a speed of not less than 20 knots; (2) to establish, equip, and maintain a Coast Guard base and air station on the coast of Alaska in such locality as the Commandant of the Coast Guard may recommend; and (3) to purchase or construct, and to equip, 15 seaplanes having a cruising range of not less than 2,000 statute miles.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amount as may be necessary to carry out the purposes of this act.

READJUSTMENT OF COMMISSIONED PERSONNEL OF THE COAST GUARD

The bill (S. 1876) to readjust the commissioned personnel of the Coast Guard, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to readjust the commissioned personnel of the Coast Guard, and for other purposes," approved March 2, 1929 (45 Stat. 1533; U. S. C., title 14, sec. 10), is hereby amended by adding at the end thereof the following paragraph:

"The total number of commissioned officers in the Coast Guard is hereby increased by 154 line officers (exclusive of commissioned warrant officers) and two district commanders. Such additional line officers shall be distributed in grades in the same proportion as prescribed by the foregoing provisions of this section: *Provided*, That the total number of vacancies created hereby in each of the grades of captain, commander, lieutenant commander, and lieutenant shall be filled at a rate not exceeding, in any one year following the enactment hereof, 20 percent of such total number."

Sec. 2. Section 2 of the act entitled "An act to distribute the commissioned line and engineer officers of the Coast Guard in grades, and for other purposes," approved January 12, 1923 (42 Stat. 1130; U. S. C., title 14, sec. 12), is hereby amended by changing the second proviso thereof to read as follows: "Provided further, That the engineer in chief, while so serving, shall have the rank of a rear admiral and the pay and allowances of a rear admiral (lower half), and hereafter the engineer in chief shall be selected from the active list of engineer officers not below the grade of commander (engineering)."

Sec. 3. Section 1 of the act entitled "An act to increase the efficiency of the personnel of the Revenue Cutter Service," approved April 16, 1908 (35 Stat. 61, as amended; U. S. C., title 14, sec. 11), is hereby amended by adding at the end thereof the following paragraph:

"The President is authorized to appoint in the Coast Guard, by and with the advice and consent of the Senate, one Assistant Commandant who shall serve for a term of 4 years unless sooner relieved by the President. The Assistant Commandant shall be selected from the active list of line officers not below the grade of commander, and such appointment shall not create a vacancy; and the Commandant of the Coast Guard shall make recommendations for the appointment of the Assistant Commandant. The Assistant Commandant shall have the rank of a rear admiral and the pay and allowances of a rear admiral (lower half): *Provided*, That an officer whose terms of service as Assistant Commandant has expired shall take his place on the lineal list in the grade that he would have attained had he not served as Assistant Commandant."

REIMBURSEMENT OF CERTAIN COAST GUARD PERSONNEL

The bill (S. 1267) to provide for the reimbursement of certain members or former members of the United States Coast Guard for the value of personal effects lost in the hurricane of September 21, 1938, at several Coast Guard stations on the coasts of New York, Connecticut, and Rhode Island, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the following-named personnel of the United States Coast Guard, in full settlement of their claims against the United States for loss or destruction of, or damage to, personal property and effects at the Coast Guard stations indicated as a result of the hurricane of September 21, 1938, as follows:

At the Coast Guard Academy, New London, Conn., James F. Bland, seaman, first-class, \$16.70; Joe Daniels, chief boatswain's mate, \$13.20; Walter S. Haas, fireman, second-class, \$12.50; Joseph P. Iannantuono, seaman, first-class, \$15.95; Thomas P. Killarny, chief yeoman, \$3.70; Joseph Olson, seaman, first-class, \$8.09; Paul C. Smith, carpenter's mate, third-class, \$3.70.

At the Block Island Coast Guard Station, Block Island, R. I., Harry E. Johnson, chief boatswain (lifesaving), \$5.60.

At the Brenton Point Coast Guard Station, Newport, R. I., Charles Edwin Adamson, motor machinist's mate, second-class (lifesaving), \$90.25; Willis Emil Bastareche, surfman, \$64.45; Manuel Cabral, surfman, \$54.50; George Ammette Choquette, surfman, \$35.50; Orin Edward Edwards, surfman, \$63.25; Joseph Anthony Flores, surfman, \$82.50; George Gadbois, surfman, \$52.50; Joseph Alphonse Gautreau, surfman, \$52; George Philip Lewis, chief boatswain's mate (lifesaving), \$93; Manuel Soares Macedo, surfman, \$64.85; Leonard Anthony McCarthy, surfman, \$81; Ralph Edgar Small, boatswain's mate, first-class, \$54.50; Coulter L. Tillett, surfman, \$26.08; George Atwood Williams, motor machinist's mate, first-class, \$52.50.

At the Moriches Coast Guard Station, West Hampton, N. Y., John Rowland Avery, surfman, \$262.97; William Thomas Beacham, boatswain's mate, first-class (lifesaving), \$277; Leonard Haven Benjamin, motor machinist's mate, second-class (lifesaving), \$240.42; Jerry George Berka, surfman, \$254.55; William P. Cheek, surfman, \$245.73; Linville Gates Farrow, surfman, \$268.11; Guion James Garner, surfman, \$292.09; William Alfred Hargis, surfman, \$238.97; John Oliver Hull, surfman, \$237.79; Roland Edward Jean, chief boatswain's mate (lifesaving), \$273.59; James Henry Ketcham, chief boatswain's mate (lifesaving), \$417.45; Ernest Louis Killian, surfman, \$292.72; William Henry Knowles, surfman, \$269.16; George John Loy, surfman, \$27.91; Olen Miller, surfman, \$252.21; Thomas King Morton, surfman, \$44.62; Allan Tracy Ruggles, boatswain's mate, first-class (lifesaving), \$343.36.

At the Shinnecock Coast Guard Station, Hampton Bays, N. Y., Ernest Bateman Barnett, surfman, \$247.01; Harry Tunnell Carter, surfman, \$117.80; Russel Helbert Creff, surfman, \$224.74; Harvey Roger Davis, boatswain's mate, first-class (lifesaving), \$320.65; John Lemar Edwards, boatswain (lifesaving), retired, \$360.60; Callie Fulcher, surfman, \$240.31; Howard Dale Harris, boatswain's mate, first-class (lifesaving), \$263.12; Carl Ross Jennett, surfman, \$232.79; Archie Worth Jones, surfman, \$251.75; Charles Mades, surfman, \$244.95; Melvin Brown Midgette, surfman, \$238.25; Burnis Morris, motor machinist's mate, second-class (lifesaving), \$333.18; Clayton Murphy, surfman, \$243.98; Lee Edward Parsons, boatswain's mate, first-class (lifesaving), \$306.62; Lewis Purnell Rodgers, surfman, \$285; and Charles Fearing Scott, surfman, \$228.63.

At the Mecox Coast Guard Station, East Hampton, N. Y., Roy Alfred Guimont, radioman, first-class, \$29.

PRESLEY HOLLIDAY

The bill (S. 649) for the relief of Presley Holliday, quartermaster sergeant, Quartermaster Corps, on the retired list, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the provisions of the act of Congress approved June 4, 1920, giving to soldiers placed on the retired list prior to or during the World War, who had had active service therein as commissioned officers, the pay and allowances of retired warrant officers of the Army, and the amendments thereto, be, and the same are hereby, extended to and to include Presley Holliday, who was commissioned a captain, Quartermaster Corps, in August 1917, and held such commission while on the retired list as an enlisted man in 1920: *Provided*, That no back pay, compensation, allowance, or other benefit shall be held to have accrued prior to the passage of this act.

BILLS PASSED OVER

On request of Mr. SHEPPARD, the following bills were passed over:

The bill (S. 1081) for the relief of John B. Jones.

The bill (S. 1082) to authorize the Secretary of War to provide for the sale of aviation supplies and services to aircraft operated by foreign military and air attachés accredited to the United States, and for other purposes.

The bill (S. 1083) to authorize the Secretary of War to exchange obsolete, unsuitable, and unserviceable machines and tools pertaining to the manufacture or repair of ordnance matériel for new machines and tools.

The bill (S. 2096) to amend section 4a of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended.

The bill (S. 2202) to establish a public-works agency was announced as next in order.

Mr. McNARY. I ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

The bill (S. 2203) to amend certain sections of the Social Security Act was announced as next in order.

Mr. VANDENBERG and Mr. McNARY asked that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

That completes the calendar.

Mr. WALSH. Mr. President, I should like to address the Senate briefly.

EXTENSION OF PUBLIC HEALTH FACILITIES TO FOREIGN SERVICE OFFICERS

The PRESIDENT pro tempore. The Chair will state the parliamentary situation. During the consideration of the calendar two bills were temporarily passed over at the suggestion of the junior Senator from Rhode Island [Mr. GREEN]. They were Calendar No. 128 (S. 1464) and Calendar No. 133 (S. 902). On the calendar there is a House bill (H. R. 3537) which is identical with Senate bill 1464. Without objection, the House bill will be stated by title.

The CHIEF CLERK. A bill (H. R. 3537) to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States.

The PRESIDENT pro tempore. The Senator from Oregon, as the Chair is advised, asked for information about that bill.

Mr. McNARY. I asked for an explanation of the bill.

Mr. GREEN. I have not received the papers from my office but I can explain the bill from memory. It provides that dependent members of the families of Foreign Service officers serving abroad who incur illness due to the fact of the service shall be entitled to treatment and hospitalization when available from the Public Health Service. For instance, suppose because of the altitude of the place or the heat of the place or the dampness of the place or the prevalence of some disease, illness is incurred because of the service in such place of the head of the family. In such cases, under the bill, the members of his family suffering from disease could be looked after where there are Government facilities to care for other

employees of the United States Government and on the same terms accorded such other employees.

The bill provides further that the diplomatic representatives themselves when they are ill because of something connected with their service may be treated free at Government hospitals, because of the illness incurred in their service.

The bill provides for the cause of such illness being determined by the health officer representing the Health Department.

The PRESIDING OFFICER. Is there objection to the present consideration of the House bill?

Mr. McNARY. I have no objection to the consideration of the bill.

There being no objection, the Senate proceeded to consider the bill (H. R. 3537) to extend the facilities of the United States Public Health Service to active officers of the Foreign Service of the United States.

Mr. GREEN. I move to strike out all after the enacting clause of the House bill and to insert the provisions of Senate bill 1464, as reported to the Senate.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and to insert the following:

That, under such regulations as may be prescribed by the President, upon recommendation of the Secretary of the Treasury, any officer of the Foreign Service of the United States who has incurred illness or injury or who has become physically disabled, as a direct result of service on foreign assignment, and not by reason of vicious habits, intemperance, or misconduct on his part, or other circumstances not related to such service, the cause of such illness or injury to be determined by a duly qualified medical officer of the United States Public Health Service, which determination shall be final when approved by the Surgeon General, shall upon the request of the Secretary of State be entitled to medical and surgical treatment and hospitalization by the United States Public Health Service at any of its regularly established relief stations and hospitals.

Sec. 2. In order to ascertain at the time of assignment to any foreign station or at any other time the physical fitness of a Foreign Service officer for duty in a foreign station, the United States Public Health Service shall, upon the request of the Secretary of State, subject such Foreign Service officer to a physical examination at any of its established relief stations or hospitals.

Sec. 3. Any officer or American employee of the Foreign Service of the United States suffering from illness or disability not the direct result of foreign service and any dependent member of the family of any Foreign Service officer or American employee suffering from illness or disability which is found by the United States Public Health Service under the same procedure prescribed in section 1 of this act to have originated while on foreign station and if such illness or disability in any case covered by this section is not the result of vicious habits, intemperance, or misconduct on his part, or other circumstances not related to such Foreign Service, the cause of such illness for the purpose hereof to be determined by the United States Public Health Service, may be furnished medical and dental treatment and hospitalization (in the case of a dependent member of a family if suitable accommodations are available) by the United States Public Health Service at any of its regularly established relief stations and hospitals at a cost to the officer or employee concerned in accordance with rates established by regulations of the Surgeon General and applicable to pay patients from other branches of the Government service under similar circumstances. Collections by the United States Public Health Service on this account shall be credited to the appropriation applicable to the operation of marine hospitals and relief stations.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Rhode Island [Mr. GREEN].

The amendment was agreed to.

Mr. BILBO. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Mississippi desire to discuss this bill?

Mr. BILBO. I desire to offer an amendment, but my amendment has been drawn to apply to Senate bill 1464. I presume it can be adapted to the House bill as now framed.

The PRESIDENT pro tempore. It may be offered at the appropriate place in the House bill.

Mr. BILBO. Mr. President, the amendment I offer merely adds to officers of the Agricultural Department of the Bureau of Foreign and Domestic Commerce who may be serving abroad, and puts them in the same status officers of the

State Department would have under the bill. In other words, it extends the scope of the bill and gives to officers of other departments who are serving abroad the same right accorded to Foreign Service officers. The other officers are as much entitled to it as are officers of the State Department.

I will state in this connection that the State Department has called me over the telephone and stated that they had read the amendment and heartily approve of the inclusion of these other employees of the Government who are entitled to the benefit of the Public Health Service, as much so as are State Department employees. So I move that the amendment be added to the bill.

Mr. GREEN. Mr. President, I concede that the amendment may be a wise one, but I have no authority to speak for the committee.

The PRESIDENT pro tempore. Will the Senator from Mississippi send the amendment to the desk so that it may be stated?

Mr. BILBO. I send the amendment to the desk. There are really several amendments, but, in effect, they constitute but one amendment.

The PRESIDENT pro tempore. The amendments to the amendment will be stated.

The LEGISLATIVE CLERK. In the amendment just adopted, on page 3, line 11 (lines and pages according to Senate bill 1464 as reported by committee) after the word "Treasury", it is proposed to strike out "any officer of the Foreign Service of the United States" and insert "any duly appointed officer regularly serving abroad as a representative or employee in the foreign service of any department or unit of the United States Government"; on the same page, line 20, after the words "of the", to strike out "Secretary of State", and insert "head of the department or unit under which the officer is serving"; on page 4, line 1, after the word "of" at the beginning of the line, to strike out "a Foreign Service officer" and insert "an officer"; on the same page, line 3, after the words "of the" at the beginning of the line, to strike out "Secretary of State, subject such Foreign Service officer" and insert "head of the department or unit under which the officer is serving subject such officer"; at the beginning of line 7, to strike out "Foreign Service of the United States" and insert "foreign service of any department or unit of the United States Government"; on line 9, after the word "any", to strike out "Foreign Service officer" and insert "such officer"; and on line 17, after the word "such", to strike out "Foreign Service", and insert "foreign service", so as to make the bill read:

That, under such regulations as may be prescribed by the President, upon recommendation of the Secretary of the Treasury, any duly appointed officer regularly serving abroad as a representative or employee in the foreign service of any department or unit of the United States Government who has incurred illness or injury or who has become physically disabled, as a direct result of service on foreign assignment, and not by reason of vicious habits, intemperance, or misconduct on his part, or other circumstances not related to such service, the cause of such illness or injury to be determined by a duly qualified medical officer of the United States Public Health Service, which determination shall be final when approved by the Surgeon General, shall upon the request of the head of the department or unit under which the officer is serving be entitled to medical and surgical treatment and hospitalization by the United States Public Health Service at any of its regularly established relief stations and hospitals.

Sec. 2. In order to ascertain at the time of assignment to any foreign station or at any other time the physical fitness of an officer for duty in a foreign station, the United States Public Health Service shall, upon the request of the head of the department or unit under which the officer is serving subject such officer to a physical examination at any of its established relief stations or hospitals.

Sec. 3. Any officer or American employee of the foreign service of any department or unit of the United States Government suffering from illness or disability not the direct result of foreign service and any dependent member of the family of any such officer or American employee suffering from illness or disability which is found by the United States Public Health Service under the same procedure prescribed in section 1 of this act to have originated while on foreign station and if such illness or disability in any case covered by this section is not the result of vicious habits, intemperance, or misconduct on his part, or other circumstances not related to such foreign service, the cause of such illness for the purpose hereof to be determined by the United States Public Health Service, may be furnished medical and dental treatment and hospitalization (in the case of a dependent member of a

family if suitable accommodations are available) by the United States Public Health Service at any of its regularly established relief stations and hospitals at a cost to the officer or employee concerned in accordance with rates established by regulations of the Surgeon General and applicable to pay patients from other branches of the Government service under similar circumstances. Collections by the United States Public Health Service on this account shall be credited to the appropriation applicable to the operation of marine hospitals and relief stations.

The PRESIDENT pro tempore. The question is on agreeing to the amendments offered by the Senator from Mississippi to the amendment.

The amendments to the amendment were agreed to.

The amendment as amended was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDENT pro tempore. Without objection, Senate bill 1464, which is similar to the bill just passed, will be indefinitely postponed.

DETAIL OF FEDERAL EMPLOYEES TO SOUTH AMERICAN GOVERNMENTS

The PRESIDENT pro tempore. The Chair is under the impression that another bill, Calendar 133, Senate bill 902, was temporarily passed over at the request of the junior Senator from Rhode Island. Does the Senator from Rhode Island desire action taken on that bill now?

Mr. GREEN. I desire to have the bill considered now.

The PRESIDENT pro tempore. There is on the calendar an identical House bill, which is House bill 3134. Does the Senator from Rhode Island desire that the House bill be substituted for the Senate bill and be considered at this time?

Mr. GREEN. I do.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 3134) to amend the act entitled "An act authorizing the temporary detail of United States employees possessing special qualifications to governments of American republics and the Philippines, and for other purposes," approved May 25, 1938.

Mr. GREEN. I move to strike out all after the enacting clause of the House bill and to insert the provisions of Senate bill 902 as reported to the Senate.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and to insert the following:

That the act entitled "An act authorizing the temporary detail of United States employees, possessing special qualifications, to governments of American Republics and the Philippines, and for other purposes," approved May 25, 1938, be, and the same is hereby, amended to read as follows:

"That the President of the United States be, and hereby is, authorized, whenever he finds that the public interest renders such a course advisable, upon agreement with the government of any other American Republic or the Government of the Commonwealth of the Philippine Islands, or the Government of Liberia, if such government is desirous of obtaining the services of a person having special scientific or other technical or professional qualifications, other than those persons covered by the act of May 19, 1926 (44 Stat. 565), as amended by the act of May 14, 1935 (49 Stat. 218), from time to time to detail for temporary service of not exceeding 1 year at a time, under such government, any such person in the employ of the Government of the United States: *Provided*, That the President may, in extraordinary circumstances, extend the period of such detail for one or more additional periods of not to exceed 6 months each: *Provided further*, That while so detailed, such person shall be considered, for the purpose of preserving his rights and privileges as such, an officer or employee of the Government of the United States and of the department or agency from which detailed and shall continue to receive therefrom compensation, and he may receive additional compensation from the department or agency from which detailed not to exceed 50 percent of the compensation he was receiving as an officer or employee of the United States at the time of detail, and shall receive from the United States reimbursement for travel expenses to and from the place of detail and monthly allowances determined by the President to be adequate for quarters and subsistence during the period of such detail. The additional compensation, travel expenses, and other allowances authorized by this act to be paid to any such officer or employee shall be paid from any appropriations available for the payment of compensation and travel expenses of the officers and employees of the department or agency from which he is detailed: *Provided, however*, That if any government to which a detail is authorized by this act shall express the desire to reimburse this Government in whole or in part for the expenses of such detail, the President is authorized, when he deems

it in the public interest, to accept such reimbursement and the amount so received may be credited to (a) appropriations current at the time the expenses of such detail are to be or have been paid, (b) appropriations current at the time such amounts are received, or (c) in part as provided under (a) and in part as provided under (b) hereof; and such amount shall be available for the purposes of the appropriations to which credited: *And provided further*, That if any such government shall express the desire to provide advances of funds to be used by this Government, in whole or in part for the expenses of such detail, the President is authorized, when he deems it in the public interest, to accept such advances of funds, and the amounts so received may be established as a trust fund, to be available for the purpose and under the provisions of this act until the termination of the detail; any unexpended balance of the trust fund to be returned to the foreign government making the advance."

The amendment was agreed to.

The PRESIDENT pro tempore. As the Chair recalls, the Senator from Rhode Island was requested by some Senator to explain the purpose of the bill.

Mr. GREEN. Mr. President, the main reason for urging action now on this bill is because of the question of accounting. The Government has already been authorized to lend expert advisers to the various South American republics and to the Philippines, but it is provided that such countries may pay for such service. Some of the republics have already incurred such obligations, and desire to pay for the service, but, under the present law, if they pay for it, the money goes back into the general fund of the Treasury of the United States. Under the proposed changes in this bill, the money will be repaid to those departments that incurred the original expense.

It is very desirable that that should be done, because otherwise it confuses the bookkeeping. Where the services have been rendered by a department, and paid for out of their appropriations, when the South American Republics repay the United States the money goes back into a different fund. That is the main object of the bill.

Mr. DANAHER. Mr. President, I dare say I was the Senator who asked for an explanation of the bill. In the first place, I have a few questions I should like to ask the Senator from Rhode Island. Can the Senator tell me whether or not the technical advisers provided for in the bill are used by the South American Republics in compiling data for trade-agreement purposes?

Mr. GREEN. I cannot say what the ultimate purposes may be, but the different departments send technical advisers to South American Republics largely for the purpose of assisting the agricultural development of those countries. They are thus afforded technical advice of which they could not otherwise avail themselves. They pay for the service. It is entirely discretionary with this Government when it will lend such advisers, and they are employed in the development of products which are not competitive with those of this country. Does that answer the Senator's question?

Mr. DANAHER. That is a part of the point.

Mr. GREEN. That is the general policy.

Mr. DANAHER. Will the Senator tell me, please, whether or not there is a report available to the Senate as to the activities of these technical advisers?

Mr. GREEN. I do not think there is any separate report. I think it is merely included in the general report of the Department.

Mr. DANAHER. Is there any reason the Senator knows why we could not properly have reports from these technical advisers and cause them to be made public documents for our examination?

Mr. GREEN. I know of no reason. I have no doubt that the departments would be glad to furnish the information either to the Senate or to any individual Senator. There is nothing secret about it.

Mr. DANAHER. I do not presume there is. I was asking the questions simply in order to apprehend the full purpose of the effort.

Mr. GREEN. It is largely for the promotion of good will with our sister republics in South America.

Mr. DANAHER. Mr. President, a parliamentary inquiry. The PRESIDENT pro tempore. The Senator will state it.

Mr. DANAHER. Would I have the privilege, sir, of withdrawing my present objection to the passage of the bill, and

conferring presently with the Senator from Rhode Island, and if thereafter I am not completely satisfied renewing a possible objection to the bill?

The PRESIDENT pro tempore. The Senator could make a motion.

Mr. BARKLEY. The Senator could move to reconsider the vote by which the bill was passed.

Mr. DANAHER. I thank the Senator from Kentucky. Under the circumstances I will withdraw the present objection.

The PRESIDENT pro tempore. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDENT pro tempore. Without objection, Senate bill 902, which is identical with the bill just passed, will be indefinitely postponed.

FRANKLIN D. ROOSEVELT LIBRARY

Mr. BARKLEY. From the Committee on the Library, I report back favorably, without amendment, Senate Joint Resolution 118, to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes; and I ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Kentucky?

There being no objection, the joint resolution (S. J. Res. 118) to provide for the establishment and maintenance of the Franklin D. Roosevelt Library, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc.—

TITLE I—DEFINITIONS

SECTION 1. As used in this joint resolution—

- (a) The term "donor" means Franklin D. Roosevelt.
- (b) The term "historical material" includes books, correspondence, papers, pamphlets, works of art, models, pictures, photographs, plats, maps, and other similar material.
- (c) The term "Board" means the Trustees of the Franklin D. Roosevelt Library.

TITLE II—FRANKLIN D. ROOSEVELT LIBRARY

Sec. 201. The Archivist of the United States is authorized to accept for and in the name of the United States from the donor, or from such person or persons as shall be empowered to act for the donor, title to a tract of land consisting of an area of 12 acres, more or less, of the Hyde Park estate of the donor and his family, located on the New York-Albany Post Road, in the town of Hyde Park, Dutchess County, State of New York; such area to be selected and carved out of the said estate by the donor and to be utilized as a site for the Franklin D. Roosevelt Library provided for in this title.

Sec. 202. The Archivist is authorized to permit the Franklin D. Roosevelt Library, Inc., a New York corporation organized for that purpose, to construct on the area referred to in section 201 of this title a building, or buildings, to be designated as the Franklin D. Roosevelt Library, and to landscape the grounds within the said area. Such project shall be carried out in accordance with plans and specifications approved by the Archivist. The Secretary of the Treasury is authorized to permit the facilities and personnel of the Procurement Division of the Treasury Department to be utilized in the preparation of plans for and in the construction and equipping of the project: *Provided*, That the Franklin D. Roosevelt Library, Inc., shall enter into an arrangement satisfactory to the Secretary of the Treasury to reimburse the said Procurement Division for the costs and expenses incurred for such purposes, as determined by the Secretary of the Treasury.

Sec. 203. Upon the completion of the project authorized in section 202 of this title, the Archivist shall accept for the Franklin D. Roosevelt Library, as a gift from the donor, such collection of historical material as shall be donated by the donor. The Archivist may also acquire for the said library from other sources, by gift, purchase, or loan, historical books related to and other historical material contemporary with and related to the historical material acquired from the donor. The historical material acquired under this section shall be permanently housed in the Franklin D. Roosevelt Library: *Provided*, That the Archivist may temporarily remove any of such material from the said library when he deems it to be necessary: *And provided further*, That the Archivist may dispose of any duplicate printed material in the said library by sale or exchange, and, with the approval of the National Archives Council, may dispose of by sale, exchange, or otherwise any material in the said library which appears to have no permanent value or historical interest. The proceeds of any sale made under this section shall be paid into the special account provided for in sub-

section (d) of section 205 of this title, to be held, administered, and expended in accordance with the provisions of that subsection.

Sec. 204. The faith of the United States is pledged that, upon the construction of the Franklin D. Roosevelt Library and the acquisition from the donor of the collection of historical material in accordance with the terms of this title, the United States will provide such funds as may be necessary for the upkeep of the said library and the administrative expenses and costs of operation thereof, including the preservation and care of historical material acquired under this title, so that the said library shall be at all times properly maintained.

Sec. 205. (a) A Board to be known as the Trustees of the Franklin D. Roosevelt Library is hereby established. The Archivist and the Secretary of the Treasury shall be ex officio members, and the Archivist shall be chairman of the Board. There shall also be five members of the Board appointed by the President for life, but the President may remove any such member for cause. Vacancies on the Board shall be filled by the President. Membership on the Board shall not be deemed to be an office within the meaning of the Constitution and statutes of the United States.

(b) No compensation shall be paid to the members of the Board for their services as such members, but they shall be allowed their necessary expenses incurred in the discharge of their duties under this title. The certificate of the chairman of the Board shall be sufficient evidence that the expenses are properly allowable.

(c) The Board is hereby authorized to accept and receive gifts and bequests of personal property and to hold and administer the same as trust funds for the benefit of the Franklin D. Roosevelt Library. The moneys or securities composing trust funds given or bequeathed to the Board shall be receipted for by the Secretary of the Treasury, who shall invest, reinvest, and retain investments as the Board may from time to time determine: *Provided, however*, That the Board is not authorized to engage in any business nor to exercise any voting privilege which may be incidental to securities in such trust funds, nor shall the Secretary of the Treasury make any investments for the account of the Board which could not lawfully be made by a trust company in the District of Columbia, except that he may make any investment directly authorized by the instrument or gift under which the funds to be invested are derived, and may retain any investments accepted by the Board.

(d) The income from any trust funds held by the Board, as and when collected, shall be deposited with the Treasurer of the United States, who shall enter it in a special account to the credit of the Franklin D. Roosevelt Library and subject to disbursement by the Archivist, except where otherwise restricted by the instrument of gift, in the purchase of equipment for the Franklin D. Roosevelt Library; in the preparation and publication of guides, inventories, calendars, and textual reproduction of material in the said library; and in the purchase, under section 203 of this title, of historical material for the said library. The Treasurer of the United States is hereby authorized to honor the requisitions of the Archivist made in such manner and in accordance with such regulations as the Treasurer may from time to time prescribe. The Archivist may make sales of any publications authorized by this section at a price which will cover their cost and 10 percent added, and all moneys received from such sales shall be paid into, administered, and expended as a part of the special account herein provided for.

(e) Unless otherwise restricted by the instrument of gift, the Board, by resolution duly adopted, may authorize the Archivist to use the principal of any gift or bequest made to it for any of the purposes mentioned in subsection (d) hereof.

(f) The Board shall have all the usual powers of a trustee in respect to all funds administered by it, but the members of the Board shall not be personally liable, except for misfeasance. In the administration of such trust funds the actions of the Board, including any payments made or authorized to be made by it from such funds, shall not be subject to review or attack except in an action brought in the United States District Court for the District of Columbia, which is hereby given jurisdiction of such suits, for the purpose of enforcing the provision of any trust accepted by the Board.

Sec. 206. The Director of the National Park Service shall be responsible for the care, maintenance, and protection of the buildings and grounds of the Franklin D. Roosevelt Library in the same manner and to the same extent as he is responsible for The National Archives Building in the District of Columbia. Except as provided in the preceding sentence, the immediate custody and control of the Franklin D. Roosevelt Library, and such other buildings, grounds, and equipment as may from time to time become a part thereof, and their contents, shall be vested in the Archivist of the United States, and he is authorized to appoint and prescribe the duties of such officers and employees, including clerical assistance for the Board, as may be necessary for the execution of the functions vested in him by this title.

Sec. 207. The Archivist shall prescribe regulations governing the arrangement, custody, protection, and use of the historical material acquired under this title; and, subject to such regulations, such material shall be available to the public free of charge: *Provided*, That the Archivist is authorized to charge and collect, under regulations prescribed by him, a fee not in excess of 25 cents per person for the privilege of visiting and viewing the exhibit rooms or museum portion of the said library; and any funds so derived shall be paid by the Archivist into the special account provided for in subsection (d) of section 205 of this title, to be held, administered, and expended under the provisions of that subsection.

Sec. 208. The Archivist shall make to the Congress, at the beginning of each regular session, a report for the preceding fiscal

year as to the Franklin D. Roosevelt Library. Such report shall include a detailed statement of all accessions, all dispositions of historical material, and all receipts and expenditures on account of the said library.

SEC. 209. The costs incurred by the Archivist in carrying out the duties placed upon him by this title, including the expenses of the members of the Board and the costs of the Board's necessary clerical assistance, shall be paid out of the appropriations for The National Archives Establishment as other costs and expenses of The National Archives Establishment are paid; and such sums as may be necessary for such purposes are hereby authorized to be appropriated.

TITLE III—FRANKLIN D. ROOSEVELT RESIDENCE

SEC. 301. The head of any executive department, pursuant to agreement between him and the donor, may accept for and in the name of the United States from the donor, or from such person or persons as shall be empowered to act for the donor, title to any part or parts of the said Hyde Park estate of the donor and his family which shall be donated to the United States for use in connection with any designated function of the Government administered in such department. The title to any such property may be accepted under this section notwithstanding that it may be subject to the life estate of the donor or of any other person or persons now living: *Provided*, That during the continuance of any life estate reserved therein no expense to the United States in connection with the ordinary maintenance of the property so acquired shall be incurred: *Provided further*, That the acceptance hereunder by the United States of the title to property in which any life estate is reserved shall not during the existence of such life estate exempt the property, except to the extent provided in section 304 of this title, from taxation by the town of Hyde Park, Dutchess County, or the State of New York as other real property in the said town, county, or State is taxed under the applicable laws relating to taxation of real property.

SEC. 302. Upon the expiration of all life estates reserved in any property acquired under this title for use in connection with a designated function of the Government, or, if no life estate is reserved, immediately upon the acceptance of title thereto, the head of the department administering the said function shall assume jurisdiction and control over the property so acquired and administer it for the purpose designated, subject to the applicable provisions of law.

SEC. 303. Notwithstanding any other provisions of law, the head of any department exercising jurisdiction and control over any property acquired under this title shall be authorized to charge and collect, under regulations prescribed by him, a fee not in excess of 25 cents per person for the privilege of visiting and viewing the said property, and any funds thus derived shall be deposited in the Treasury of the United States to the credit of a special fund, and shall be available, when appropriated by the Congress, for expenditure in the upkeep, maintenance, protection, and preservation of any property acquired under this title.

SEC. 304. The right is reserved in the Congress to take such action and to make such changes, modifications, alterations, and improvements in connection with and upon any property acquired under this title, during or after the expiration of any life estate reserved therein, as the Congress shall deem proper and necessary to protect and preserve the same; but neither the improvements so made nor any increase in the value of the property by reason thereof shall be subject to taxation during the existence of any life estate reserved in the property.

NAVY AND MARINE MEMORIAL

Mr. BARKLEY. From the Committee on the Library, I report back favorably, without amendment, House bill 3234, to provide for the completion of the Navy and Marine Memorial, and ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Kentucky?

There being no objection, the bill (H. R. 3234) to provide for the completion of the Navy and Marine Memorial was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$100,000, said sum to be expended as follows: Not to exceed \$5,000 for architectural fees and full satisfaction of all obligations in connection with the original contract between the Navy and Marine Memorial Association and the architect, and not more than \$44,384 for the design, professional services, disbursements, materials, and in full satisfaction of all obligations in connection with the original contract between the Navy and Marine Memorial Association and the sculptor, and the remainder, or so much thereof as may be necessary, to be expended under the direction of the National Park Service for the completion of the Navy and Marine Memorial, in accordance with the official plans therefor as approved by the Fine Arts Commission, except that the contract proposal shall not exclude any suitable green granite or stone appropriate for that use. The National Park Service is authorized to modify the structural details if necessary, without deviating from the design.

SEC. 2. All contracts shall be on condition that the work shall be completed within 1 year from the passage of the act.

SEC. 3. The National Park Service is further authorized and directed to provide adequate drives, parking space, and landscaping to provide for the enjoyment of this memorial by its visitors.

THE EUROPEAN WAR SITUATION

Mr. WALSH. Mr. President, I have received a number of telegrams with reference to the European war situation and our relationship to it, and I assume that other Senators have been the recipients of similar messages. An overwhelming number of my correspondents have strongly urged and pleaded that we avoid any and every possibility of becoming involved in a European war. Many of these communications are touching, indicating a very keen and worried attitude on the part of millions of our people lest our Government pursue a policy that may involve us in war.

However, all the letters have not been on one side of this subject. Some that I have received express the sentiments contained in a telegram, characteristic of many others, that I desire to read to the Senate:

HON. DAVID I. WALSH,

United States Senate, Washington, D. C.:

Hope you will change your foreign policy before too late. There can be no question sending expeditionary force abroad. Stop aggression by every resource short of war. Notify aggressors that democracies can have our munitions and supplies.

I will read my reply thereto:

Mr. ———. Regret that my views are opposed to yours. To attempt to stop aggression "by every resource short of war" means war, unless our country is to be placed in the position of an international bluffer, lacking courage to continue to support by war those principles that our country advocates—and, of course, we should not advocate principles that did not relate to our general welfare and security—"by aggression short of war." In my opinion, we have no business to take sides between countries threatening war upon each other "by aggression short of war" unless we are ready to shrink cowardly from supporting those principles when war results.

DAVID I. WALSH.

THE OPENING AND SETTLEMENT OF OKLAHOMA

Mr. LEE. Mr. President, 50 years ago next Saturday the first Oklahoma lands were opened for settlement. The region included only about 2,000,000 acres and was divided into six counties, but it lay in the very heart of the Indian country.

The early history of Oklahoma is written in colors as flaming as an Oklahoma sunset, and the thing that made that history colorful was the indomitable spirit of the people themselves. The picturesque cavalcade of Coronado, with armor gleaming in the sunlight and plumes dancing in the breeze, opened the first chapter with a flash of glory.

Then came a chapter crowded with romance and adventure. The red man, the trader, the trapper, and the trooper, the most colorful characters that ever crossed the pages of history, played their last stand in Oklahoma.

The household words of those days tell the story. Buffalo hunters, bullwhackers, pioneers; the gambler, the cattle king, the squaw man; branding irons, cattle rustlers, six-shooters; camp fires, covered wagons, outlaws; the Jameses, the Jennings, the Daltons, the Doolins; free land, boomers, sooners; nesters, settlers, sod shanties, "gyp" water; the dugout, the mustang, the coyote; milo maize, kaffir corn, wheat, cotton, corn; coal, lead, zinc; oil, oil, oil; paved roads, flying fields, and skyscrapers tell the magic story of Oklahoma.

The Indian gives color to the history of Oklahoma. There is a long list of Indians whose names mean dignity and honor. Although I have not time here to call the roll of honor of that proud and haughty race, yet I shall mention such names as General Stanwaite, Senator Robert L. Owen, Chief Sequoyah, whose statue now stands in the rotunda of the Capitol, and Will Rogers, whose statue will likewise be placed in the rotunda by the side of Chief Sequoyah on June 6 of this year.

On the morning of the 22d of April 1889 every manner of man and vehicle were assembled on the Kansas line ready for the run. Swarming like bees, they struggled for position. At high noon the shrill notes of a bugle silenced the confusion. A United States Cavalry trooper raised a gun. A hundred thousand hearts leaped to a hundred thousand throats. A hundred thousand hopes hung on that signal. The gun flashed, and Oklahoma was opened with a pistol shot.

In a few hours a new Territory was populated, and cities and towns sprang up with the magic of an Arabian Nights story. That night a hundred thousand camp fires twinkled like new stars in the firmament, and the savory odor of frying bacon rose from every quarter section of the new empire.

What could be more fitting to climax this stirring episode of Oklahoma history than to have the dashing, rough-riding, two-fisted Teddy Roosevelt himself sign the bill for Statehood? Thus in 1907 Oklahoma became the forty-sixth star in the flag.

It seemed very appropriate that the young State of Oklahoma should be opened with a run. The very manner of opening the land to settlement appealed only to the daring, the active, the courageous, the swift, the strong, and the young. Thus did Oklahoma in a unique manner attract hand-picked settlers with the spirit to do or die. Like Gideon's band, those best fitted for the stern hardships of pioneer life were sifted out by the nature of the contest.

And even after the run, people still poured into the new Territory. In the old States it was a common thing for the people to sit on their porches and watch a covered wagon go rolling by, the husband and wife sitting on the spring seat, and half a dozen children peeping out from beneath the wagon sheet. This American ship of the desert was freighted with the hopes, dreams, and ambitions that made Oklahoma great.

Here they came to Oklahoma, the melting pot of America. The shrewd New England Yankee with his practical business methods, the courteous southerner with his statesmanship, the easterner with his culture, the hardy westerner with his courage, the northern farmer with his superior methods of agriculture, all joined in the common cause of building a commonwealth, each one bringing his pearls of wisdom, culture, and experience to lay as rich treasure at the feet of this young State. Neighbor helped neighbor in the feeling of common unity. The general attitude was one for all, and all for one.

The opening was gay and thrilling, but the real test came afterward. It came when the provisions that were brought along gave out. It came with the long stretch of home-making, securing a water supply, providing a shelter. There were log cabins and dugouts and half dugouts, and there were tents, and there were sod shanties. Then again there were the hardships of the weather, the blasting wind and the blazing sun. There were sand storms, cyclones, and droughts.

When I think of the spirit of those rugged pioneer settlers, it stirs my soul. They were not daunted by the lack of church buildings or schoolhouses. The organization of many a church took place under a wagon sheet or a brush arbor. As to the schools, some pretty young "school marm" was induced to leave the old home town and come out to this new country to impart knowledge of the three R's to the future farmers, statesmen, and businessmen of the new Territory. What did it matter to this young schoolmistress that the children gathered around her in a sod house, with the flowers nodding gaily from the earthen roof? Those brave spirits never knew the tragedy of the unprepared.

It was this spirit—this pioneer spirit of achievement and progress—that made Oklahoma great.

RESOURCES

The same spirit of chance has developed our State. It opened our oil fields and built our skyscrapers. That is the old "sooner" spirit. That is the spirit of believing in one's self and in the future. That is the spirit of the pioneer who did not know how to quit.

This conquering spirit of the pioneer wrested from the land its treasure. When Coronado and his gold-seeking Spaniards came, Oklahoma opened not the doors to her wealth; but those doors yielded to the compelling hands of the homesteader.

First, there is the wealth of her natural beauty. She has streams, mountains, and plains, fascinating and beautiful. The northwest has the unique and colorful Red Hills. The skyline of the southwest is coxcombed by the rugged Wichitas. The south central is rock-ribbed by the Arbuckles.

The north central has the romantic Osage Hills, while the untamed Kiamichi make southeastern Oklahoma a wild paradise.

Then, again, Oklahoma has every imaginable kind of stream, from Big Elk to Little River, from the peaceful Chikaskia to the turbulent Canadian, from the deep Verdigris to the shallow Cimarron, from the muddy Washita to the sparkling Spavinaw.

Oklahoma not only has mountains and rivers, but she has canyons and caves and prairies and plains.

Northwestern Oklahoma is a cattle country, and on farther west are the intriguing plains of the Panhandle.

Coronado came to Oklahoma seeking Quivira, the fabled land with seven cities of gold; but he returned empty-handed, for Quivira opened not her gates to this armed force. And then for 400 years afterward Oklahoma held the secret of her hidden wealth. It remained for the homesteader to find her riches, for they lay in hidden mines of zinc and coal, in secret pools of oil, and fertile fields of soil.

Today, Oklahoma has not merely Seven Cities of Cibola, but 77 cities in 77 counties, each one producing enough wealth in a single year to match Coronado's wildest Spanish dream.

Here, in this wonderland, oil volcanoes spout their black gold high over the derricks, and Oklahoma bids high for first place in the production of mineral petroleum. One-half of her 77 counties produce either gas or oil, and yet her western oil reserves have not been tapped.

There is enough unmined coal in Oklahoma to turn every factory wheel in the United States for a thousand years. At the present rate of production the Geological Survey estimates that there is enough unmined coal in Oklahoma to last 26,000 years.

With her coal and gas together, Oklahoma stands first in the production of fuel which is the very foundation of industrial life.

Oklahoma is first in the production of zinc, and second in the production of lead.

The building materials of Oklahoma are unlimited. She has enough glass sand to make a glass roof over the entire State and have glass sand left. She has great ledges of limestone, hills of gypsum, and mountains of granite. She has quarries of marble and sandstone. She has an inexhaustible supply of clay for the manufacture of brick, tile, and pottery.

Oklahoma has enough asphalt to pave every road in the State, while her salt beds contain the salt of the earth.

Although Oklahoma is considered a prairie State, she has a vast amount of uncut timber, and stands twenty-fourth among the States in the production of lumber. The mountainous Southeast has an abundant supply of short-leaf pine, and the State produces more different kinds of hardwood than all of Europe combined. So, you see, Oklahoma has enough building material to last forever.

Furthermore, there are the agricultural resources. Although Oklahoma ranks second among the States in mineral production and first in fuel, yet in her greatest year she produced more in agricultural wealth than she did in mineral products. Oklahoma is primarily an agricultural State, and her greatest treasure lies in the first 6 inches of the soil.

Oklahoma stands first in the production of broom corn, second in the production of pecans, second in the production of grain sorghum, second to fifth in the production of wheat, third to seventh in the production of cotton. In addition to these, her great production of corn, oats, barley, rye, peanuts, and fruits give her first place in diversified crops, which is the most important factor in the agricultural program.

Then, again, Oklahoma is a great livestock State. The Oklahoma City stockyards are seventh in the United States in the number of livestock handled each year.

The fabulous wealth of Quivira is a reality. Where once the buffalo grazed, today blooded livestock fatten on the succulent grasses of Oklahoma, and bring wealth to the State.

Go out there in June, and you will see silver clouds and copper sun, and miles on miles of ripening grain. Then you will hear the song of the combine as it goes rattling off, tallying bushel after bushel, bringing new wealth to Oklahoma.

There the tall corn shoots and tassels in the sun, and the cotton whitens beneath the stars. There you can see the farmer's big red barn and his modern home, his windmill and his silo; his spreading shade trees, and his orchard fragrant with blossoms or laden with fruit, cherry-cheeked as are the sons and daughters of the last frontier, Oklahoma, the forty-sixth star in the flag.

ADMISSION OF REFUGEE CHILDREN

Mr. REYNOLDS. Mr. President, due to the fact that at the present time a subcommittee of the Committee on Immigration of the Senate is giving consideration to a resolution introduced by our colleague from New York [Mr. WAGNER], which will provide for the admission of 20,000 refugee children from Germany into this country to compete with the millions of boys and girls born in the United States who are now out of work, I ask unanimous consent that there be published in the RECORD, as part of my remarks at this point, a clipping from the New York Times of Sunday, April 9, 1939, entitled: "Aliens Seen Adding to Job Problem. Those in United States Illegally Keep Citizens From Procuring Work, Somervell Hears. Proposed Ban Backed. Immigration Head Hopes Albany Will Pass Bill on the Foreign-Born."

Another very interesting clipping happens to be from the English section of an Italian newspaper printed in the city of New York, the name of the paper being the Grido Della Stirpe, of the issue of March 25, 1939, entitled "The Refugee Invasion," in which complaint is made by our Italian brothers in New York who are opposed to any other aliens from anywhere coming to this country and depriving Americans of their jobs.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

INAUGURATION

[From the New York Times of April 9, 1939]

ALIENS SEEN ADDING TO JOB PROBLEMS—THOSE IN UNITED STATES ILLEGALLY KEEP CITIZENS FROM PROCURING WORK, SOMERVELL HEARS—PROPOSED BAN BACKED—IMMIGRATION HEAD HOPES ALBANY WILL PASS BILL ON THE FOREIGN BORN

Many of the 10,975 W. P. A. workers dismissed in this city last week would be able to find jobs if the legislature passed a bill making it a misdemeanor to employ any persons who was in the United States illegally, Rudolph Reimer, commissioner of immigration and naturalization at Ellis Island, declared yesterday in a letter to Lt. Col. Brehon B. Somervell, local Works Progress administrator.

The letter was sent by Mr. Reimer in his personal capacity and not as a Federal official. It pointed out that a bill prohibiting the employment of aliens here illegally had been approved by the assembly and was now awaiting action in the senate at Albany.

"Since we require a native-born child to produce working papers before the employer is permitted to place the native-born child on the pay roll, it is not unreasonable to require the alien to show affirmatively that he is not in our country illegally," Mr. Reimer said. "I am convinced that the people of New York State want the jobs in our State for those who are legally here or who are its citizens."

The impossibility of patrolling adequately the Canadian and Mexican borders and the Atlantic and Pacific Oceans and the Gulf of Mexico was cited by Mr. Reimer in support of his contention that "many thousands" had come into the country illegally and now held jobs here.

"Judging from the inquiries made at Ellis Island for advice how to purge the alien of illegal entry, the statement that there are many thousands employed is not an exaggeration," Mr. Reimer told Colonel Somervell. "This is further evidenced by the fact that there are 12,664 visitors now in the United States whose departure our department at Ellis Island has been unable to verify. No one knows the exact number."

Certificates of arrival are issued on application at Ellis Island, Mr. Reimer observed, and these could be used by employers to establish the residence status of their employees and to insure against the employment of "bootleg aliens, stowaways, ship jumpers, students, and visitors who have overstayed their allotted time."

[From the English section of the Grido Della Stirpe of New York City, issue of March 25, 1939 (Italian)]

THE REFUGEE INVASION

While the daily press announces the cancelation of about 30,000 workers from the W. P. A. register, the Nation is going astray with a new attraction, "the refugee business."

Thirty thousand workers lose that last hope of working for their daily bread, even if it was a partial employment, and this is not all, but, they being aliens, face also the crucial fate of being deported as undesirable. At the same time, undesirable citizens of other nations are admitted in this country with hearty welcomes.

Among those workers who were dismissed, there might be people who gave the best years of their lives to the developing of this great Nation, people who worked very hard for years, people who gave their strength, their brains, all that they had for the progress of America, and now * * * depression * * * charity, and finally reminded that they are * * * aliens!

But citizenship is not acquired by filling out and signing an application, by raising a hand in swearing allegiance to the country, to the flag. What counts more, even if not legally, is the contribution given to the life of the Nation.

And while we deny to these loyal men—aliens?—the right to work, we permit other men, not wanted in their respective countries, if they ever had one, to come here to find work.

We denounce other nations as persecutors; we cry to discrimination of race and creed, but it seems that we hold a patent on such activities.

It is not difficult to remember that for every refugee employed, an American goes to the lines of the huge relief army. What a shame.

The people are being made refugee-minded through the usual high-pressure propaganda sponsored by the interested party—the Jew.

They are systematically building a Jewish empire in this country instead of in Palestine. The Palestine affair is just a make believe, for the consumption of the "good-natured people." After all, how could they live in Palestine among themselves with no Gentiles to "peel"?

Other nations in Europe, after the "triste" experience of years of Jewish yoke, finally got wise to themselves and so, only good U. S. A. is left.

Jews arrived here not even 2 or 3 months ago, and already they are in business for themselves, some of them travel as representatives of well-known firms, not to say anything of those employed internally by department stores, laboratories, factories, etc.

They figure as guests on radio programs, and lately a station started a weekly program, the Refugee Hour. Last week's program was announced by a well-known justice of the New York Supreme Court.

We believe that it will surprise no one if one day we shall hear that the White House has been given to a * * * refugee.

Special funds are being provided by show attractions, balls, conferences, concerts, and other activities prepared by the versatile Jewish mind.

Prominent names appear as cosponsors of the above activities. These gentlemen, who are always on the front pages for modesty, claim to be real patriots, their Americanism is measured by percentages, "100-percent American." Practically they are the ones who stab their fatherland in the back.

Why should we open this country to aliens who were not loyal to their respective countries of origin or adoption? If they were good citizens or if they had respected the laws, if they had not impoverished those lands, or if they had not conspired against their governments, today they would not have been refugees.

And now shall we absorb these troublemakers? Shall American fathers lose their jobs for these undesirable people? No!

It is time that we all wake up. It is time that we make our voice heard to those responsible for the government of our country. It is the duty of every citizen to protest this invasion, in a firm, lawful way.

The refugee boom might even invite some clever opportunists to pass as refugees; today it is the only means to soften the hardest political hearts.

In the streets we might also hear: "Buddy, give me a dime, I'm a refugee"—and if the passer-by shows some incredulity, the presumptive refugee, saturated with alcohol, might add, "the Mrs. chased me away from the house * * * I ain't going back or she'll beat me and have me closed in the concentration camp, down the cellar."

P. FIORETTI

NEW YORK, March 1939.

CLAIMS OF UNITED STATES CITIZENS AGAINST MEXICO

Mr. SHEPPARD. Mr. President, there is on the calendar a bill which was reported favorably on January 19 last, a few days after the present session assembled. Some Senators have objected each time the bill has been called when the calendar was under consideration, and this is my first opportunity to move that the bill be taken up for consideration.

I move that the Senate proceed to the consideration of Order of Business No. 1, Senate bill 326.

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). The clerk will read the bill by title.

The LEGISLATIVE CLERK. A bill (S. 326) for the payment of awards and appraisals heretofore made in favor of citizens of the United States on claims presented under the General Claims Convention of September 8, 1923, United States and Mexico.

Mr. ASHURST. Mr. President, many of my constituents are very much interested in this bill, and I know that to any

task to which the able Senator from Texas [Mr. SHEPPARD] applies himself he proceeds with great thoroughness. I shall be so bold as to ask the Senator from Texas to make a statement regarding the bill so that it may go into the RECORD.

Mr. SHEPPARD. I shall be glad to do so.

Mr. ADAMS. Mr. President, I am one of the Senators who objected from time to time to the consideration of the bill, a measure which involves a substantial amount, and a principle of considerably more importance. I am wondering whether the Senator would not like to have a little larger audience to which to present his views.

Mr. SHEPPARD. That will be satisfactory to me.

Mr. ADAMS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Hughes	Radcliffe
Andrews	Davis	Johnson, Calif.	Reed
Ashurst	Donahay	Johnson, Colo.	Reynolds
Austin	Downey	King	Russell
Bankhead	Ellender	La Follette	Schwartz
Barbour	Frazier	Lee	Schwellenbach
Barkley	George	Lodge	Sheppard
Bilbo	Gerry	Logan	Shipstead
Bone	Gibson	McCarran	Smathers
Borah	Gillette	McKellar	Stewart
Bridges	Glass	McNary	Taft
Brown	Green	Mead	Thomas, Okla.
Bulow	Guffey	Miller	Thomas, Utah
Burke	Gurney	Minton	Townsend
Byrd	Harrison	Murray	Truman
Capper	Hatch	Neely	Tydings
Caraway	Hayden	Norris	Vandenberg
Chavez	Herring	O'Mahoney	Wagner
Clark, Idaho	Hill	Overton	Walsh
Clark, Mo.	Holman	Pepper	Wheeler
Connally	Holt	Pittman	Wiley

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. SHEPPARD. Mr. President, prior to 1923, and going back as far as 1868, hundreds of American citizens living or having business interests in Mexico suffered injuries, depredations, confiscations of property, losses from failure of the Mexican Government to pay for supplies and services.

One class of claims covers false imprisonment and mistreatment while in prison. One claim is for work performed for the Mexican Government by an American dredging company and for materials furnished by that company. Another type of claim arises from various forms of depredation on property of Americans and personal mistreatment of Americans living in Mexico.

All these claims to which I am referring, and to which my bill refers, were passed upon favorably by the commission established for the purpose of adjudicating them. Many of these claimants were actively pressing their claims before the Mexican Government when they were compelled by treaty between the United States and Mexico to drop the proceedings and to present their claims to a commission composed of American and Mexican members, under penalty of having their claims made uncollectible if they did not follow that procedure. Every other recourse, therefore, was closed to these, and all other claimants, and the commission became the sole tribunal before which they could appear.

The Commission assembled in 1924. It was required by the treaty to pass on all claims then in existence in 3 years. It was understood between the Governments that each would pay its own nationals in accordance with the findings of the Commission as to what was due them by the other Government; that a balance would be struck when all payments had been made, after the Commission had concluded its work, and the Government paying out more than the other Government, would be reimbursed by the other Government for the excess paid.

The Commission sat for 3 years, made a few decisions, some favorable, some unfavorable, and adjourned leaving unadjudicated almost the entire number of claims that had been presented to it.

Nothing was paid the claimants who had received favorable decisions, about 124 in all. The time was extended, and the Commission reassembled and sat for another 2 years, with about the same result. This operation was re-

peated for about 4 more years. After its final sitting of about 3 years, ending in 1937, the Commission permanently disbanded, with 850 claims unadjudicated; and the 124 claimants who had received favorable adjudication have to this day received no payment.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. CHAVEZ. As I understand the proposal of the Senator from Texas, the American claimants originally were pressing their claims individually against the Mexican Government.

Mr. SHEPPARD. Many of them; yes.

Mr. CHAVEZ. Then the United States entered into a treaty with the Mexican Government under which the American claimants had to submit their claims to a Commission created under the treaty, and had to be satisfied with whatever the Commission did. Certain claims were approved by that Commission.

Mr. SHEPPARD. The Senator is correct. No machinery now exists for the collection of the claims, and there is no authority to which the claimants can look for action. The bill provides that the American Government shall pay the claimants to whom the Commission gave favorable decisions, and reimburse itself from the Mexican Government if, of course, our Government has a balance due it. This it has, to a large degree.

Mr. CHAVEZ. As I understand the results of the Commission's work, some American claims and some Mexican claims were approved by the Commission. In other words, we owe Mexico so much, and Mexico owes us so much. As I understand, the bill provides that the United States shall advance the money to pay the American claimants and reimburse itself through collection from Mexico.

Mr. SHEPPARD. The Senator states the matter correctly.

Mr. GEORGE. Mr. President—

Mr. SHEPPARD. I yield.

Mr. GEORGE. Does the bill cover only those claims as to which the Commission made awards?

Mr. SHEPPARD. Only the claims on which the Commission made favorable awards.

Mr. GEORGE. It does not cover any claims on which the Commission did not pass?

Mr. SHEPPARD. It does not.

Mr. GEORGE. What is the approximate total of the bill?

Mr. SHEPPARD. About \$3,000,000.

It is true that the Illinois Central Railroad has the largest claim, but its claim is a just one. Its claim is for about \$1,800,000 for railway engines sold the Mexican Government. The Mexican Government was delaying the payment of this claim when the company was required by the treaty to transfer it to the Commission.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. BARKLEY. I do not know much about the merits of the other claims, but I am somewhat familiar with the claim of the Illinois Central Railroad Co. From the knowledge I have of it, it seems to me that that claim is just. It certainly is one which ought to be considered and paid under the bill.

Mr. CHAVEZ. Not only is it a just claim, but at the time the company was forced to submit itself to the Commission it had practically arranged for the payment of its claim by the Mexican Government.

Mr. BARKLEY. Yes; and if it had not been for that fact, the claim would have been paid long ago.

Mr. CHAVEZ. Several years ago.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. BILBO. Possibly the Senator can give us some light on the question of how and when it is expected the Mexican Government will be in a position to reimburse the United States if we advance the money to the claimants whose claims have been favorably passed upon.

Mr. SHEPPARD. I will state to the Senator that the Mexican Government is now making payments on another type of claims which were passed upon by what was called the Special Claims Commission.

Mr. BILBO. Let me ask another question. What, if anything, does the Senator contemplate doing to bring about an adjudication of the 800 claims which the Commission did not pass upon or consider before it was finally dissolved?

Mr. SHEPPARD. I propose to urge the State Department to make some kind of an arrangement with the Mexican Government to take up the unadjudicated claims.

Mr. BILBO. Then the unadjudicated claims are unfinished business of the two Governments under the treaty?

Mr. SHEPPARD. That is true so far as the unadjudicated claims are concerned.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. PITTMAN. I do not think the question as to when the United States Government can collect the money from Mexico is material, because under our law—at least the State Department so holds—a citizen of the United States may not treat with a foreign government. He may treat only through our own Government. By virtue of that law, which has been upheld by the Supreme Court, settlement between private parties and another government was prohibited. The Government assumed the responsibility of settlement. The Government, having assumed that responsibility, entered into an agreement with Mexico covering the claims, under which, when the claims were adjudicated, if there were a balance in favor of Mexico, the United States Government would pay Mexico. If there were a balance in favor of the United States, Mexico would pay the United States, each Government taking the sole responsibility for the distribution of the funds to its nationals.

If that be the case, the United States Government has voluntarily entered into a treaty with Mexico to pay Mexico any surplus of Mexico claims over ours and vice versa. So long as the Commission lasted—and its life was extended several times—it adjudicated claims. Only a few claims were adjudicated. Only a very few thousand dollars' worth of claims were adjudicated in favor of Mexico, but more than \$2,000,000 of claims were adjudicated in favor of citizens of the United States. So I say it is not material whether or not the United States Government receives the money. It assumed the responsibility of settlement and prevented its citizens from acting.

Mr. BILBO. Mr. President, I thoroughly appreciate the fact that there is a moral obligation on the part of the United States Government to pay the claims which have been adjudicated, but my understanding of the treaty was that the United States Government was only undertaking to adjudicate the claims and act in the capacity of a collector from the Mexican Government.

Mr. PITTMAN. No.

Mr. BILBO. And that there would be a balancing of the accounts by the respective Governments.

Mr. PITTMAN. That was not the treaty.

Mr. BILBO. Does the Senator mean to say that the United States Government assumed the obligation to pay the claims?

Mr. PITTMAN. To pay its citizens.

Mr. BILBO. Regardless of whether or not the claims were collected from Mexico?

Mr. PITTMAN. Absolutely.

Mr. BILBO. That settles the question about the equity of the bill.

Mr. ADAMS. Mr. President, may I interrupt to make a statement? My interpretation of the treaty, after much study, is quite different from that stated by the Senator from Nevada [Mr. PITTMAN]. I hope the Senator from Mississippi [Mr. BILBO] will not make up his mind on the situation until the matter has been a little more fully explained, because I am unable to find any such obligation in the treaty. The treaty does not differ from other treaties which have been entered into, and with respect to which no such construction is claimed.

Mr. PITTMAN. I understand there is a difference in construction. From the facts I have stated, in my opinion, there can be but one moral construction of the treaty. That is the construction which I have stated.

Mr. SHEPPARD. I thank the Senator from Nevada.

Mr. President, the bill provides that the funds awarded the successful claimants shall carry no interest from the date of judgment. The amounts of the other 123 claims, aside from the Illinois Central claim, range from \$50 to \$140,000.

Many of the claimants are in keen financial distress and some of them are on the edge of bankruptcy. The treatment of the claimants by our Government has been little short of outrageous. It amounts practically to confiscation and expropriation. Our Government compelled the claimants to resort to a tribunal which is established, permitted that tribunal to trifle with the situation for 15 years, and finally dissolved it, without any payments to claimants who had gained favorable decisions, with 850 claims still unadjudicated, and with no machinery now in existence to act on the claims. Payment of the claimants who have received favorable decisions will not establish a precedent for payment by our Government of other governments' debts, because the facts are peculiar to this particular case, a case in which, by a treaty, the Government required the claimants to drop the efforts they were making before the Mexican Government and to make the United States the sole agent, not only in pressing the claims, but in deciding the manner in which they should be pressed. Thus, our Government made these claims also its own obligation, so far as the individual American claimants were concerned.

A certain moral obligation rests on our Government to pay claimants who have been kept out of their money through its negligence for 15 years.

This bill was carefully considered by the Foreign Relations Committee in the last Congress; it was favorably reported to the Senate; and, after discussion in the Senate, the Senate passed the bill. It reached the House of Representatives less than a month before the final adjournment of the last session and was favorably reported by the House Foreign Affairs Committee. It was placed on the House Calendar too late to be reached for action on the floor of the House. The bill comes to us again at this session with the favorable recommendation of the Foreign Relations Committee, and I trust it may be passed.

Mr. ADAMS. Mr. President, since the bill was before the Senate at the last session, I have taken occasion to give considerable study to the situation. The matter did reach the State Department, in a way, and Secretary Hull advised the committee that "this legislation would not be in accord with the program of the President"—I quote from the Secretary's letter—but if the Congress saw fit as a legislative matter to make the appropriation, that was no concern of the State Department.

Mr. SHEPPARD. Mr. President, will the Senator permit me to say that this bill is only an authorization?

Mr. ADAMS. I understand, but Secretary Hull stated—and I quote his words:

This legislation would not be in accord with the program of the President.

Mr. SHEPPARD. Yes; but clearly that is a mere academic expression.

Mr. ADAMS. I am quoting the academic expression for whatever virtue it may have.

The bill involves this very simple question, Is the United States Government going to pay the obligations of the Mexican Government? The Mexican Government owes certain obligations to American citizens. This bill provides that the United States Government shall underwrite, guarantee, and pay the obligations of the Mexican Government to American citizens.

Mr. CHAVEZ. Mr. President, why should not the Government of the United States pay the claims of American citizens, when the United States forced its citizens to proceed under a treaty instead of being permitted to press their

own claims against the Mexican Government? Under those circumstances why should not the United States pay the claims?

Mr. ADAMS. I know of no reason, I will say to the Senator, which should require, legally or morally, the United States Government to pay the obligations of the Mexican Government.

To illustrate, the largest item in this claim is, as was mentioned by the senior Senator from Texas [Mr. SHEPARD], that of the Illinois Central Railroad. The railroad sold some \$2,000,000 worth of locomotives to the Mexican Government and the transaction was entered into with the expectation, of course, that the Mexican Government would pay its bill. The Mexican Government has not paid its bill. Therefore, the Illinois Central Railroad now comes before the Congress and asks that the United States Government pay to it the amount it was not able to collect from the Mexican Government.

Mr. CHAVEZ. Mr. President, if the circumstances were as stated by the Senator, well and good; but the fact of the matter is that the Illinois Central Railroad was pressing its claim successfully against the Mexican Government when the United States Government entered the picture and said, "No; we will handle it for you; you forego whatever claim you have against the Mexican Government individually and we will then handle it for you." The Government of the United States forced the Illinois Central Railroad Co. to act under the treaty signed by the Government. So why should not, at least morally, the United States Government pay the Illinois Central's claim, which has been adjudicated and proved, inasmuch as the Government forced the Illinois Central Railroad Co. to forego the right to press any claims it may have had as an individual or corporation?

Mr. ADAMS. Just a moment. There is a statement of fact which the Senator from New Mexico makes which I am unable to verify. The Mexican Government, had it seen fit, could have paid the Illinois Central Railroad Co. The United States Government has not prevented the Mexican Government from paying the Illinois Central Railroad. The Illinois Central Railroad may have been progressing in the collection of its claim, but it had not succeeded in making the collection. Now, the United States Government made a demand upon Mexico. Following a period of turbulent years, American citizens had claims against the Republic of Mexico which the Republic of Mexico refused to recognize. Diplomatic relations had been severed. The United States Government made it a condition to the resumption of diplomatic relations that the Mexican Government consent to the appointment of a claims commission. The appointment of such a claims commission to adjudicate the claims was a condition upon which this Government agreed to resume diplomatic relations. Two claims conventions were established. In Mexico a period of revolutionary activities occurred, in one of which, for example, the invasion of New Mexico at Columbus took place. The claims thus arising were taken care of by a special claims commission. The claims involved in this proposed legislation go back to 1864, and from then on, and are covered by a general claims convention, excepting the damages caused by revolution.

The Special Claims Commission made its awards, but it was never suggested that the United States Government should underwrite or guarantee the awards of the Special Claims Commission. Those claims are merely being paid in installments. But the general claims convention's awards, for some reason or other, are singled out, and the United States Government is sought to be made a guarantor and underwriter of that group of claims stringing back for a period of 65 years.

Mr. President, if this proposed legislation should be passed, it would mean the establishment of a precedent which would be tremendously expensive. The Government of the United States has expended \$3,425,000 in the prosecution of these claims in behalf of its citizens. In other words, the Federal Government undertook on behalf of its citizens the prosecution

tion of the claims, and 18 different appropriations were made by Congress to carry on the prosecution of these claims on behalf of American citizens. If, as a result of the Government of the United States endeavoring to help its citizens to collect their claims, the Government becomes obligated to pay the claims, I do not know where the end will be.

Against the Republic of Mexico today are claims aggregating between \$300,000,000 and \$400,000,000. Within the past few months the Mexican Government has taken over oil wells and lands, for which large sums are claimed. If the American citizens involved are unable to get recourse by their own efforts and ask the Government to help them and the Government seeks to help them, under the principle of this proposed legislation our Government then must put up the three or four hundred million dollars to pay its citizens because it has undertaken to help them.

We have throughout this country hundreds of millions of German marks and billions of dollars of South American bonds. If we write this principle into the law, then whenever our Government seeks to help its citizens, whenever it says to another government, "Let us have a convention to adjudicate these matters," the Federal Government assumes and guarantees the obligations of the foreign government. So it is not a mere matter of two or three million dollars that is involved in this proposed legislation but a far-reaching principle and a great liability.

My interest in this matter arose because, as a member of the Appropriations Committee, if the authorization bill passes, the appropriation must come through that committee, and it seemed to me that I ought, having taken occasion to study it, to give to the Senate some of the views which I have entertained.

Prior to entering into this convention there certainly was no obligation on the part of the United States Government as to these claims. No one can maintain that the United States is primarily liable. What, then, is in the terms of the convention to impose a liability? I say to the Senator there is nothing in the terms of the convention to impose this liability.

It is said in the report of the committee that there is a precedent for this bill. I say to the Senate there is no precedent for it in all the claims conventions of this country, and I have gone through most of them.

The committee refers particularly, I think, to the Mexican Claims Convention of 1839. It seems that beginning back in 1828 claims arose against the Mexican Government. The citizen could not get any recourse. He appealed to the Government, and the Government at that time insisted upon the establishment of a claims convention and a commission, just such as was established here, for the purpose of adjudicating the claims. The United States Government did not assume the claims. The Mexican Government delayed any adjudication, and continually postponed the matter. The Mexican War came on. After the Mexican War, as a condition of the cession of the great areas of land in the western part of this country, including the land upon which my own house stands, that land was ceded to the United States, and two conditions were exacted: One, the payment of a cash sum of \$15,000,000; the other, the assumption by the United States of the adjudicated claims. That is, the payment of the claims at that time was a consideration for the Mexican cession and was not in any way involved in the convention articles.

The other articles of convention do not differ in substance from the one I have just described.

The claims convention of 1864 was similar. Never was it contended then that the United States had obligated itself by its efforts on behalf of the citizens.

As I say, the claims before this special claims convention are merely in process of settlement. I think something like \$500,000 a year is being paid. The adjudications have been made under the general claims convention. The Mexican Government has not paid; but the Secretary of State and those speaking for him have said that we are continually

seeking to arrive at some understanding with the Mexican Government by which we can reach an adjudication and a payment in some form of the claims.

Mr. CHAVEZ. Mr. President—

Mr. ADAMS. I yield to the Senator from New Mexico.

Mr. CHAVEZ. I fully understand the technicalities about which the Senator from Colorado is talking; but, as a practical matter, every one of the claimants under this bill, with the exception of the Illinois Central Railroad, is a small claimant. An American citizen having a claim of a mere \$50 can be protected by the American Government. There is not a single claim here which amounts to as much as a thousand dollars, with the exception of the claim of the Illinois Central Railroad or those connected with it. But here are a few American citizens whose claims have been adjudicated by the Commission, and have been determined to be valid claims; certain valid claims by the Mexican Government against us have also been adjudicated; and it is contended that we cannot advance \$50 to the poor citizen who has that amount coming to him from the Mexican Government, on account of the technicality that it was not included in the convention.

I do not think that is quite correct. I believe we still have a moral obligation to take care of the \$50 man, so that he may not have to wait 50 or 60 years until Uncle Sam and the Mexican Government get ready to pay all the claims.

Mr. ADAMS. Mr. President, I do not regard it a technicality to suggest that the United States Government is not obligated to pay the claims of the Mexican Government. To me, that is basic and fundamental. It is not a technicality. The technicality, if there be one, is an effort to deduce from an instrument an obligation which is not there; to say that because the United States Government undertook to help its citizens, because it entered into a treaty stipulation, and because the matter was not expedited, therefore the United States Government is under a moral obligation. If there is technicality it is in that argument, not in the argument that the Federal Government should not assume the obligations of foreign governments.

If the United States Government is to pay all the claims of private citizens, it is not necessary to have it take care of claims due from the Mexican Government. If we are going to pay everybody's debts, we had better begin to pay the debts of people at home, rather than to go off and pay the debts of the Mexican Government.

Mr. CHAVEZ. Mr. President, will the Senator further yield?

Mr. ADAMS. Certainly.

Mr. CHAVEZ. Under the provisions of the bill, it is not contemplated that the American Government shall pay the obligations of the Mexican Government. All that the American Government would do would be to advance this money, and set it off against the claims the Mexican Government has against the United States.

Mr. ADAMS. I am unable to grasp that conception of the situation. Here is an adjudication by a commission to the effect that some two or three million dollars are due from the Mexican Government, and that a certain amount, say, three or four hundred thousand dollars, is due from citizens of the United States to citizens of Mexico. The treaty naturally contains the common clause—not an unusual clause—that as the Government is representing its citizens in the matter, there shall be the offset that exists in every adjudication, and that the Mexican Government shall be required to pay only the balance due to our citizens after deducting the amount due to its citizens. The treaty imposes upon our Government a difficult task in making collections and taking care of the amount that is deducted; but the balance that is due from Mexico certainly should be paid by the Mexican Government.

Mr. WILEY. Mr. President—

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Colorado yield to the Senator from Wisconsin?

Mr. ADAMS. I yield.

Mr. WILEY. I am not acquainted with the facts of this matter except as I have heard them related on the floor of the Senate; but, as I understand the Senator from Colorado, the situation is substantially this: Our Government got into this picture by taking the part of its citizens to see that their claims were adjudicated, and our Government went further and paid the cost of the adjudication. Is that true?

Mr. ADAMS. Yes; and the cost was over three and a half million dollars.

Mr. WILEY. And nothing was said or done which would indicate that our Government intended to take over those claims and pay its citizens for them?

Mr. ADAMS. Nothing whatever, with all due respect to the distinguished Senator from Texas.

Mr. HATCH and Mr. SHEPPARD addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. ADAMS. I yield first to the Senator from New Mexico.

Mr. HATCH. Mr. President, I desire to ask the Senator from Colorado a question suggested by the question propounded by my colleague [Mr. CHAVEZ] a moment ago. I think I can clarify the situation somewhat.

My colleague said it is not contemplated that our Government shall pay the claims of the Mexican Government. I think he is entirely correct, in that the bill proposes, as I understand, that our Government shall pay to our own citizens money equal to the amount of their claims, and shall take over those claims from the citizens. Our Government purchases from me, in other words, the claim which I have against the Mexican Government, and our Government then collects that claim and reimburses itself, and no loss is sustained anywhere. Is that correct or not?

Mr. ADAMS. No; I think not. I do not understand the term that we "purchase" the claim. Because of the difficulty, the United States Government acted as an intermediary. Here are some 850 claims. The Government undertook to create a commission, to pay its expenses, and to provide it with attorneys, in order that the claims might be presented. The Federal Government footed the cost of presenting the claims of its citizens to the joint commission; but the Federal Government owns none of the claims, bought none of the claims, is entitled as a government to none of the proceeds, and made no effort to deduct the cost of the proceedings from any amount that might come from the collection.

Mr. HATCH. Mr. President, will the Senator further yield?

Mr. ADAMS. Certainly.

Mr. HATCH. I understand the position of the Senator from Colorado; but the point I desire to make is this: It is constantly said that in this bill we are paying the claims of the Mexican Government. That means that if we pay a claim, it is extinguished; it is gone forever.

Mr. ADAMS. Correct.

Mr. HATCH. Does this bill have that effect?

Mr. ADAMS. Yes. When a claimant submits a claim to the Commission and agrees to abide by the adjudication, in other words, this is an international matter. If a citizen of the United States filed a claim with the Commission, being his claim against a Mexican citizen or against the Mexican Government, and the Commission awarded him \$9,000, as a matter of international law he was obligated, he was bound by that adjudication. His claim was submitted to the tribunal set up to adjudicate the claim.

Mr. HATCH. Very well. Under this bill that claim of \$9,000 has been allowed, but is not paid. It is an obligation of the Mexican Government to the American citizen in the amount of \$9,000. Under this bill, if it passes, the Federal Government pays our citizen \$9,000. The American citizen has his \$9,000. Where is the claim after that?

Mr. ADAMS. The claim is paid.

Mr. HATCH. The Mexican Government would not owe it?

Mr. ADAMS. The claim is paid. If our Government steps in and pays the claim, it pays it as a volunteer. It has no

assignment of the claim. It is not subrogated in any way to the claimant. As a matter of law, it simply has stepped in as a volunteer and paid the claim, and the claim is ended.

Mr. HATCH. I should like to have that question cleared up in my own mind. Will the Senator from Colorado permit me to ask the Senator from Texas if that is his understanding of the situation? Would the claim be extinguished, and would our Government have no claim on the Mexican Government for it?

Mr. SHEPPARD. Mr. President, I do not understand that to be the case at all.

Mr. HATCH. Is it the thought of the Senator from Texas that our Government would take over the claim as an individual, and would reimburse itself from collections from the Mexican Government?

Mr. SHEPPARD. Yes; the treaty itself requires each government to pay its own nationals the sums awarded them by the commission against the other government.

Mr. ADAMS. Wait a minute. The Senator is inaccurate in his wording. He said the convention involves the Government's obligation to pay the amounts awarded. Will he point that out in the convention?

Mr. SHEPPARD. Let me read what the committee says.

Mr. ADAMS. No; in the convention. I should like to have the Senator point it out in the convention, the instrument.

Mr. SHEPPARD. I have not the convention at hand, but I will get it and read it in a few minutes.

Mr. HATCH. I should like to ask one more question. Does the Senator from Colorado say that the principle of subrogation would not apply?

Mr. ADAMS. I should think not. We are not dealing with private individuals. If the Senator owed some money to the Senator from Texas, and I went to the Senator from Texas and said, "I want to work this thing out, and I am going to pay the debts of the Senator from New Mexico," the debt would be paid, but I would not be in any way subrogated.

Mr. HATCH. I quite understand the theory of law, and the Senator is correct that a mere volunteer would not be entitled to reimbursement. But I do not look on the pending proposal as that kind of a case, and I am merely trying to clear it up in my own mind whether or not our Government could reimburse itself from the Mexican Government.

Mr. ADAMS. I doubt it very much. But assuming it can make the collection, it does not in any way vary the principle that this Government ought not in the first instance to pay the debts of the Mexican Government and trust to its opportunity to collect.

Mr. HATCH. I will not interrupt the Senator further.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. WILEY. Assuming that there was an actual subrogation, I am greatly interested in ascertaining whether or not, if we should do what is contemplated, we would not establish a precedent which might involve us in paying the so-called obligations of the Mexican Government to the oil companies, amounting to two or three hundred million dollars.

Mr. ADAMS. I think that would be a logical conclusion from the principle we would be laying down.

Mr. CHAVEZ. Have any of those claims been adjudicated?

Mr. ADAMS. No; but we would have another claims convention. We have had claims conventions with the Republic of Mexico since 1839. The 1839 claims convention continued in existence until 1864, and then another runs on from there. Prior to the introduction of the pending legislation no one ever contended that any of those claims conventions imposed an obligation upon the United States to pay the debts of the other foreign government. We have had claims conventions with 20 or 25 other nations, and such a contention has not been made in a single instance.

As I have said, there was a somewhat similar claims commission in 1839, operating under similar provisions, and no such contention was made. Two Presidents denounced the Mexican Government for its refusal to live up to the awards and pay American citizens, and one of the grounds alleged by

President Polk for a declaration of war against the Republic of Mexico was that the Mexican Government had not met its obligations as established under the claims convention of 1839, similar to the one now in question. Never was it contended that an obligation fell upon this Government to pay the awards and look for collection to the Government of Mexico.

Mr. President, I give an illustration of these items. I wonder if Senators realize in what percentage of the claims filed there was agreement with this Government as to the amount to be paid. Formerly there was settlement with the Mexican Government for 2.65 percentage of the claims filed. We are asking that a hundred percent be paid in this case. In the special claims convention dealing with claims originating between 1910 and 1920, during the insurrectionary period, claims were filed on behalf of citizens, many of whom were living within the borders of the United States, and their losses were due to an invasion from the other side. The claims were scaled down in the aggregate until the amount paid by Mexico was 2.65 percent. That is a larger percentage than was paid upon the claims under the claims convention of 1864, and is a larger percentage than was paid under the claims convention of 1839.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. ADAMS. Before I yield, I wish to make it clear that I am speaking of the claims filed, not of the claims allowed. In the special Mexican claims convention entered into within a day of the time this one was entered into, this Government and the Mexican Government agreed finally upon a fixed sum of money, and the United States undertook to settle all of the claims adjudicated, but to do so with the sum of money that was given; and the statute passed by the Congress provided that if the sum of money received from Mexico would not pay the claims in full, they should be scaled down pro rata. So that those claims were not paid in full. The Federal Government did not assume in that instance to guarantee the claims, but merely to divide the money to be received from the Mexican Government, an agreement in the sum of \$5,000,000, and some \$500,000 is being paid every year. So it will be a number of years before the claims are paid in full.

I now yield to the Senator from New Mexico.

Mr. HATCH. I think the Senator has covered the point I had in mind.

Mr. ADAMS. As a sample of these claims, under the convention of July 4, 1868, the claims filed by United States citizens aggregated \$470,000,000, which merely illustrates the extent to which claims exist. The awards amounted to \$4,125,000, and Mexico paid \$3,865,000.

I shall not detain the Senate longer. There are many things in connection with this matter, such as the details of the various claims conventions, which I might outline, but I wish merely to say that there is no precedent in American history for such an assumption of liability. Other claims conventions were identical with this one, with a slight verbal difference, and the contention was not made in those cases, and it would not have been justified in those cases.

Mr. President, it seems to me that the Senate and the Congress would do a most unwise and a most expensive thing if they assumed either a moral or a legal obligation to pay claims merely because the Government undertook, as the representative of its citizens, to seek to collect for them that which they could not collect for themselves.

Mr. AUSTIN. Mr. President, I am interested in having the great Government of the United States deal justly. I would rather have my Government just than beneficent.

I have observed here on numerous occasions a willingness to pass over lightly, sometimes almost frivolously, legal obligations of the Government and to find great fault because finally interest has to be paid by the Government in large amounts when the Government, which ought to have paid long before, is ultimately forced in one way or another to meet its legal, just obligations.

I have no interest in the Mexican claims because they are claims of one country or another country originally, and my attention was called to this matter most accidentally. I

happened to be acting as floor leader for the minority when the pending bill came up at the last session, on May 11, 1938, and I objected to its consideration because I held views respecting it similar to those of the Senator from Colorado [Mr. ADAMS]. Those views were very superficial. They were gained only from an inspection of the bill and the report of the committee. The bill went over on my objection.

From a sense of justice to those who called on me to point out that I had caused something wrong and unjust to occur, I undertook a thorough study of the circumstances, and came to the conclusion that a legal obligation rests on the United States Government for the payment of the claims which have been passed upon and allowed by the Commission.

Mr. President, it makes no difference whether the obligation of the United States is created by an express promise or whether it is created by an implied promise. One obligation is exactly as binding as the other. It may not have effect morally, although it ought always to have effect morally, but, so far as the status of my Government is concerned, as one which pays its obligations, it is, of course, an axiom that an obligation created by an implied promise is exactly as binding as one created by an express promise.

Consider the situation of these claims. The claimants had a right to pursue their own private remedy. The laws of Mexico gave such a right. The laws of the United States gave that right. International law recognized it, and the comity between nations enabled the citizens to pursue private remedies to such success as they might be able to obtain by their own efforts. This was the situation that surrounded these claims. There was trouble on the border. We were losing customs receipts. The United States Government was interested to quell those disturbances on the border and to regain the income from customs receipts. We were maintaining armed forces on the border, and that cost our Government money, and the Government of the United States therefore had a consideration in negotiating a treaty with Mexico.

More than that, there was unrest, and there was danger to the people who lived near the border, and the citizens of the United States had a vital interest involved in the treaty, which ultimately was made in 1923, and which provided for the settlement of these claims on both sides of the line.

Now, consider the kind of promise, the character of promise that was contained in the treaty itself. It was a promise to take over for the citizen the business of proving his claim. In order for the citizen to get this benefit from the Federal Government, and to enable the Federal Government to have the right to compose the differences between the nationals of the two countries and the two countries themselves, there had to be something yielded on the part of the citizen. He had to give up his private power. He had to give up his human right of collecting his debts, of preserving his property, of saving that which belongs to him, and had to turn it over to his Government, and his Government had to give up something on its part, and that was immunity from liability. His Government did give that up, and said to the citizen, "We will look after your claims within 3 years. You can trust this great Government. Turn over to us all your private rights, and we will enforce them for you. We will create a commission by which these debts shall be proved or disallowed." The citizen had to give up his privilege, and the Government had to give up its immunity, and the Government thereby impliedly said to the citizen, "We will look after the establishment of your claims within 3 years."

With respect to the promise as to the manner in which the claims should be considered and allowed and paid, I call the Senate's attention to a portion of article IX of the treaty, reading as follows:

The total amount awarded in all the cases decided in favor of the citizens of one country shall be deducted from the total amount awarded to the citizens of the other country and the balance shall be paid at Washington or at the city of Mexico, in gold coin or its equivalent to the government of the country in favor of whose citizens the greater amount may have been awarded.

Further on in article IX appeared a provision with respect to the election between the methods of payment to the citizen, the claimant, of the amount awarded. It is as follows:

In any case the Commission may decide that international law, justice, and equity require that a property or right be restored to the claimant in addition to the amount awarded in any such case for all loss or damage sustained prior to the restitution. In any case where the Commission so decides the restitution of the property or right shall be made by the Government affected after such decision has been made, as hereinbelow provided.

Those are rather peremptory words contained in this contract between these high contracting parties for the benefit of these claimants. And this is what is "hereinbelow provided":

The Commission, however, shall at the same time determine the value of the property or right decreed to be restored and the Government affected may elect to pay the amount so fixed after the decision is made rather than to restore the property or right to the claimant.

Notice the election was there, that is, the election by the Government as between restoring the property itself, that is, payment in kind, or paying the cash to the citizens. Did the United States contemplate paying these claimants, or did it not?

In the event the government affected should elect to pay the amount fixed as the value of the property or right decreed to be restored, it is agreed that notice thereof will be filed with the Commission within 30 days after the decision, and that the amount fixed as the value of the property or right shall be paid immediately.

Is not that the language of an obligation? To be sure it says "this condition and that condition may change the manner of payment," but if the Government elects as between payment in kind and payment in cash, and elects to pay in cash, it shall pay immediately after the expiration of this 30-day notice. And, of course, the 30 days have long since elapsed.

I have not before me the original treaty. The matter came up very suddenly today, and with such notice as I had I was able only to pick up the record and some other things which were near at hand. I tried to obtain the treaty itself so that other terms of the treaty might be referred to. I see a copy of the treaty in the hands of the chairman of the Committee on Military Affairs, and he can doubtless refer to that point. Certainly the treaty by its general terms creates a novation of parties, for it says that in consideration of the promise by Mexico to pay its nationals the debts owed by the United States to the nationals of Mexico, the United States undertakes to pay the debts which Mexico owes to the nationals of the United States, and if that promise is accepted by the claimant, and the claimant gives up all his private and other rights of collection, thereupon a novation of parties occurs.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. ADAMS. I will say to the Senator that I have the treaty before me. I shall be glad to submit it to the Senator. I do not believe there is such a provision in the treaty as the Senator seems to recall.

Mr. AUSTIN. I thank the Senator. I shall be glad to see the treaty. I cannot read it and talk at the same time.

Mr. ADAMS. I think it would be a very good thing for the Senator to read the treaty.

Mr. AUSTIN. If it is the design of the Senator from Colorado to make me read it rather than talk, I shall ask to be excused from reading it just now.

Mr. HATCH. Does the Senator desire to glance at the treaty for a moment?

Mr. AUSTIN. I think I will first finish what I have to say.

I started on the theory, and I intend to finish on the theory, that it does not require an express promise in the treaty to create the obligation. All that I have already referred to, the circumstances of surrender of right by the citizen, the obligation to consider and decide the claims within 3 years, the obligation to pay immediately after the 30-day notice if the Government elects to pay in cash, and the failure to pay, the entire and complete injury to the complainant if the Government does not pay—all these

circumstances, when considered in the light of the fact that the United States of America has had the benefits resulting from obtaining a treaty with Mexico which composed the trouble on the border, and enabled this Government to relieve itself of the cost of maintaining armed forces there and to resume the collection of customs duties, imply irresistibly an obligation on the Government to pay these claims.

It is not a matter of benevolence; it is not a matter of relief. It is a matter of common honesty. If the Congress now authorizes the appropriation of the funds to pay these debts, the United States is not made a volunteer to pay the debts of another. It is but performing an obligation which is legal and binding, and is just as effective as though the Government had said, in so many words, "I promise to pay the amount on demand."

Mr. WILEY. Mr. President—

Mr. AUSTIN. Three years having elapsed, the Government having concluded its hearings, and the 30 days having gone by since the Commission decided the claims, I say that under all the circumstances it is but justice for us to pay the debt. It is that payment for which I stand, and not the payment of an obligation newly incurred. There would not be any consideration today for a promise to pay such a debt. The consideration for the promise existed when the trouble was occurring on the border, and when the promiser was to obtain from the creditors something of value which it wanted and which it obtained.

I yield to the Senator from Wisconsin.

Mr. WILEY. Mr. President, I have listened with much interest to the able argument of the Senator. As I stated to the Senator from Colorado [Mr. ADAMS], I am interested in trying to ascertain whether or not it is the Senator's opinion that the enactment of the bill would establish a precedent. Does the Senator think that the obligation arises solely from the circumstances and from the convention itself?

The Senator from Colorado said there was no distinction between this convention or treaty and previous treaties in our history, and that no precedent grew out of those treaties from which it could be inferred that there was a Government obligation to take over, by subrogation or otherwise, the rights of the citizen.

Do I make myself clear?

Mr. AUSTIN. Certainly; quite clear.

Mr. President, we shall create a precedent. Perhaps such a precedent exists; but if it does not, we shall now create one by paying our legal debts, although they rest upon an implied promise rather than an express one. I think the United States of America cannot afford to repudiate its debts.

Mr. WILEY. I think perhaps I have not made myself clear. I agree with the able Senator that we should, of course, pay any obligation which the Government owes. The precedent I had in mind is that if at this time we set a precedent by taking over, by subrogation or otherwise, the debts of the individual citizen, we shall thus open the gates so that the next thing we know the oil companies of this country will claim that we should do likewise with respect to them.

In these days we are told that we should keep our nose out of international affairs. If we acquire, by subrogation or by any other method under this treaty, rights against the Republic of Mexico, we shall be again meddling with international affairs.

Mr. AUSTIN. Mr. President—

Mr. WILEY. Let me make myself clear. Does the Senator think that under the treaty or convention an obligation arises for us to take over such debts? If it does, then the precedent is already made by the treaty. But if there is no precedent, then we make a precedent which may open up the gates, and we know not where we shall go.

Mr. AUSTIN. Mr. President, I fear my statement has been confusing rather than enlightening, because the question just asked implies the opposite of what I have been asserting.

I have asserted time and again that we are not taking over the debts of another country; that we are dealing with the authorization of money to pay our own debt. I tried to

explain how it became our debt. I say it became our debt upon full consideration being given up or forborne by the creditor. That consideration is just as good as if he had paid it in cash. He obtained the obligation of this Government to pay him by surrendering all the rights he had to collect his own debt and submitting himself to the justice of his Government. It is no longer the debt of Mexico so far as the citizen claimant is concerned. The claimant cannot now look to Mexico. The claimant looks only to the United States; and he looks to the United States because of the treaty, because of the commission which established his debt, and also because of the important consideration which the Government received, in general, through the withdrawal of armed forces, the opportunity to resume collection of customs, and all the other things.

If that situation creates a precedent, very well. It is a good precedent. I am for good precedents.

As for our nose, I am not worried about our nose. I think there is too much of a bugbear in Congress at the present time about the United States having its nose in other people's affairs. That is a lovely simile; but the United States has pretty well taken care of itself, and will continue to do so. If the United States remains, as it always has been, honorable and just with its neighbors, and fair as between belligerents, it will not get into war over anybody else's controversy. I expect it permanently to maintain that position. However, the United States of America must always be honest, fair, and just with its own nationals, its own citizens. That is the principle for which I am fighting.

I know none of these claimants. I know nothing about the merits of the claims. I look at this legislation as calling upon Congress to do only what it is obliged to do in law.

Mr. HATCH. Mr. President, I desire to speak for only a moment on one point. During the discussion the point was brought up, not so much by anything that has been directly said but by the implications, that the bill involves the payment by this country of the debts of another country. I desire to speak for just a moment on that point.

When we talk about our Government paying the debts of some other government, even to our own citizens, naturally a feeling of prejudice and opposition is aroused. None of us feel that this Government should pay the debts of another government; for payment of a debt means the extinguishment of the obligation. Those words are now being used.

I asked the Senator from Colorado [Mr. ADAMS] and also the Senator from Texas [Mr. SHEPPARD] what would be the effect if, under the pending bill, our Government should pay these claims. Would the Mexican Government be relieved from responsibility? If so, of course, it would be payment of the debt of another country. However, from an examination of the bill itself, I find there is no doubt on the question. The bill itself is plain and complete on that subject.

The concluding part of the bill says:

and the payment of any award or appraisal under this act shall not be construed as the satisfaction, in whole or in part, of any such award or appraisal, or as extinguishing or diminishing the liability of the United Mexican States for the satisfaction in full of such awards and appraisals, but shall be considered only as an advance by the United States until all of said awards and appraisals have been paid off and satisfied in full to the United States by the United Mexican States.

Mr. President, it would be impossible to write language in any simpler terms, or to make the meaning any more clear. It is just as definite and certain as language can be made that the passage of the bill does not pay the debts of the Mexican Republic in any sense whatever. The bill involves only an advance by our Government to our own citizens, and our Government elects to claim from the Mexican Government.

In short, Mr. President, that is the sum and substance of the whole matter.

Mr. SHEPPARD. Mr. President, the Senator from New Mexico has correctly quoted from the language of the bill to the effect that the bill itself does not provide that payment to American claimants by our Government shall extinguish the debt so far as Mexico is concerned. Our Government has the right under the bill to collect the amounts of the awards from the Mexican Government.

I have before me now the treaty itself. Article 9 thereof, first paragraph, reads as follows:

The total amount awarded in all the cases decided in favor of the citizens of one country shall be deducted from the total amount awarded to the citizens of the other country and the balance shall be paid at Washington or at the city of Mexico, in gold coin or its equivalent to the government of the country in favor of whose citizens the greater amount may have been awarded.

Mr. President, this language can mean nothing less than that each government pays its own nationals the amount awarded by the Commission.

I desire to read from a letter from the Undersecretary of State to me on November 7, 1929, quoting that language and saying—

It will be noted from the foregoing that it is contemplated that each government shall settle with its own citizens, in respect of awards made by the commission.

Let me read from the report of the Foreign Relations Committee as follows:

The effect of these provisions of the convention was to compel the citizen to turn his claim over to the Government for presentation to the Commission to keep the claim from becoming barred or noncollectible; and such turning of the claim over to the Government involved, as held by the Commission in the case of William Parker, Commission Docket 127, the surrender by the citizen of all right of control over the claim and vesting in the Government the absolute and exclusive right to control it, and to "exercise an untrammelled discretion in determining when and how the claim shall be presented and pressed, or withdrawn or compromised, and the private owner would be bound by the action taken."

If any precedent is created—responding now to the question of the Senator from Wisconsin [Mr. WILEY]—it is created by the provisions of the treaty itself, and relates only to the special circumstances covered by that treaty.

Mr. ADAMS. Mr. President, I wish to read a little more carefully, to the Senator from Texas and to the Senate, section 9 of the treaty which he quoted. It says:

The total amount awarded in all the cases decided in favor of the citizens of one country shall be deducted from the total amount awarded to the citizens of the other country and the balance shall be paid at Washington or at the city of Mexico, in gold coin or its equivalent to the government—

"To the government"—

of the country in favor of whose citizens the greater amount shall have been awarded.

In other words, the greater amount having been awarded to citizens of the United States under this provision, the obligation rests upon the Republic of Mexico to pay the money in Washington, not that payment shall be made by the Government at Washington of the awards but it is specifically provided that the Mexican Government shall pay the awards.

A sentence was read from the Undersecretary of State which fits in entirely with the idea that the obligation rests upon the United States Government to distribute the money among the citizens which the Mexican Government pays to it at the city of Washington in gold coin in accordance with article 9 of the treaty.

Mr. SHEPPARD. Then, why does the treaty use the word "balance"? How could there be "a balance" unless payments had been made by both Governments to their own nationals and then the two amounts compared?

Mr. ADAMS. I do not believe that is a very intricate question. This is merely an ordinary set-off situation. Using merely assumed figures, here are \$500,000 awarded to citizens of Mexico as against citizens of the United States and \$3,000,000 awarded to citizens of the United States against citizens of Mexico. The difference or balance is \$2,500,000. So, instead of going through the process of one country paying \$500,000 and the other country paying \$2,500,000, the transaction is made as private individuals would make it. If, for instance, the Senator from Texas and I have counterclaims and it is found that he owes me \$500 and I owe him a thousand dollars, we do not go through the process of my paying him a thousand dollars and then he paying me \$500. The ordinary, simple, normal, legal, and practical method is that I pay him the difference. That

is all that is meant, and that is a common thing in treaty after treaty with the other governments of the world. In these matters they are representing their nationals; they deal with each other as the representative of their nationals, and they use the set-off principle with which we are all familiar, at least, those of us who are lawyers.

Mr. SHEPPARD. That is as between the Governments after each Government has paid its own citizens. There could not be any balance struck and paid unless the Governments had paid something to their citizens.

Mr. ADAMS. I do not think the Senator can justify that. Let me read the language again:

The total amount awarded in all the cases decided in favor of the citizens of one country shall be deducted—

From what?—

from the total amount awarded to the citizens of the other country.

Not the amount paid but "the total amount awarded."

And the balance—

That is, the balance after the deduction of any amount awarded and not the amount paid—

shall be paid at Washington or at the City of Mexico, in gold coin or its equivalent to the Government of the country in favor of whose citizens the greater amount may have been awarded.

Mr. SHEPPARD. If only balance between aggregates were paid, what would become of the citizens whose claims formed the aggregates that made the balance possible?

Mr. CHAVEZ. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from New Mexico?

Mr. ADAMS. I yield.

Mr. CHAVEZ. I have a different idea altogether about this particular bill, and I believe the Senator from Colorado does not quite comprehend the provisions of the measure. We understand everything about the treaty. The convention made the adjudications.

It seems to be the consensus of opinion of Senators that we should protect American citizens. This bill has only one purpose, and that is the protection of American citizens and the payment of their claims before they die, not leaving them for their grandchildren to collect. If we are going to depend upon the Mexican Government and the American Government to settle their difficulties, then the great grandchildren of the present claimants will be collecting all these claims.

The claims have been approved by the Mexican Government and the claims have been approved by the American Government. These are American citizens whom we want paid, not Mexican citizens; these are American citizens whose claims have been approved by the Commission composed of Mexicans and Americans; and all we ask by the provisions of this bill is not to forego any rights that we may have ever had but to tell these poor people who have for 27, and, perhaps, 30 years, been waiting for \$50 that the great Government of the United States will protect its citizens; and so it says, "We are going to give you your \$50, and, then, we are going to get it back from the Mexican Government." That is all the bill proposes to do.

Mr. ADAMS. We can reduce it to something besides the \$50 man. The Illinois Central Railroad Co. holds a claim for more than two-thirds of the total amount. At its own instance voluntarily it sold rolling stock to the Mexican Government and took its own chances, and now says, the Mexican Government not having paid, the United States Government should pay.

We are told that the railroad could have collected the amount. They did not collect it after many years, and they could not have collected it, but they made use of the tribunal. I do not think the statement can be substantiated that they were compelled to submit their claim to the tribunal. As a matter of fact, the only claims that were barred by the action were those which were submitted, and had the Illinois Central Railroad seen fit to hold out its claim and look to its private efforts there was nothing to prevent the Illinois Central Rail-

road from doing that. But, having made the sale, and not having been paid, we are asked that the Federal Government pay the Illinois Central Railroad for its locomotives.

Mr. AUSTIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Vermont?

Mr. ADAMS. I yield.

Mr. AUSTIN. Mr. President, the argument just made by the Senator from Colorado—

Mr. ADAMS. I was merely laying a foundation.

Mr. AUSTIN. I thank the Senator from Colorado for laying a foundation, and for calling attention to a portion of the treaty which I did not have before me when addressing the Senate earlier. I think the Senator's remarks about the size of the claim of one claimant are very impressive with respect to the consideration that all the claimants surrendered to the Government for the obligation of the Government to pay the debt.

Examine the words of the treaty with respect to what this very large creditor gave up. I say that, by the terms of this treaty, whether he presented his claim or did not present his claim, he was barred. Let me read this clause from article 8 on page 7.

The high contracting parties agree to consider the decision of the Commission as final and conclusive upon each claim decided, and to give full effect to such decisions.

What is meant by the words "to give full effect to such decisions"?

They further agree to consider the result of the proceedings of the Commission as a full, perfect, and final settlement of every such claim upon either government, for loss or damage sustained prior to the exchange of the ratifications of the present convention (except as to claims arising from revolutionary disturbances and referred to in the preamble hereof).

Mr. President, note that the words I am about to read show how completely deprived of its private rights that great claimant was after this convention was entered into. Of course, the larger the claim the more clear the logic is.

I continue the reading:

And they further agree that every such claim, whether or not filed and presented to the notice of, made, preferred, or submitted to such Commission shall from and after the conclusion of the proceedings of the Commission be considered and treated as fully settled, barred, and thenceforth inadmissible, provided the claim filed has been heard and decided.

After the claims to which this bill refers have been heard and decided, their rights are ended unless the Federal Government carries through to the logical conclusion, and, as I say, to the just conclusion, this treaty.

Mr. ADAMS. Mr. President, some emphasis ought to be put on the last line of the quotation, which deals with the barring of claims, which says they are barred "provided the claim filed has been heard and decided." In other words, the treaty does not bar claims unless they were heard and decided—a perfectly sound conclusion.

Now just a word or two as to the attitude of the Government in reference to this matter.

The Secretary of State on January 12, 1939, wrote to the President—and he was referring to these general claims—and said:

Final adjustment of these claims has not yet been effected, but this matter continues to receive this Department's attention.

In other words, the Department of State is still making efforts to collect the claims.

In the act of August 25, 1937, dealing particularly with the special claims, but also touching the others, it is recited that "the two Governments have undertaken * * * to conclude a convention"—that is, an additional convention—"for the final disposition of the claim pending before the said Commission." In other words, the Congress and the Department of State have both recognized that these matters have not been settled, and they were suggesting that a protocol was about to be entered into in order to provide for a lump sum to settle them, as was done in the case of the special claims.

Mr. CHAVEZ. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from New Mexico?

Mr. ADAMS. I do.

Mr. CHAVEZ. So far as the 24 claims contained in this particular bill are concerned, they have been heard and decided. The Secretary of State, in the statement just quoted by the Senator from Colorado, was referring to the ones that have not been heard and decided; but these particular ones are through. The only question is whether or not they shall be paid. No future convention, no future agreement, no future hearings will have anything to do with the particular claims that have been heard and decided. Those are the only ones involved in this particular legislation.

Mr. ADAMS. Mr. President, in the lump-sum agreement in reference to the special claims, which was to be followed in this instance, that was not the procedure. The United States took all the claims that had been adjudicated and then discussed the balance, and entered into an agreement with Mexico that Mexico should pay a lump sum to the United States, and that from that sum the United States should take care of, as it saw proper, both the claims that had been adjudicated and those that had not been adjudicated; and the Secretary of State says they have under consideration reaching a similar agreement as to claims which have been before the General Claims Convention.

So I say this is a matter which has not been settled. In the length of time it has run, this convention does not differ from other Mexican claims conventions. The Mexican Government has always delayed in paying claims against it. These awards are against the Mexican Government. The Mexican Government has not seen fit to pay them. Because the Mexican Government is delaying in paying its debts—it is much more prompt in reaching out and taking the property of citizens of other countries than it is in paying for it—it is proposed that we should step in, assume responsibility for whatever the Mexican Government may have done, and rely upon the United States Government to make collections for its own generosity to its citizens.

Mr. President, there is no obligation legally. There is no obligation morally. If the Senate of the United States wants to vote to give to private claimants against the Mexican Government three or four million dollars, the Senate may take the responsibility for it; but, in my judgment, it is impossible to deduce from the terms of the convention or the operations of the Commission an obligation, legal or moral.

Mr. WILEY. Mr. President—

Mr. ADAMS. I yield to the Senator from Wisconsin.

Mr. WILEY. As I understand the position of the distinguished Senator from Colorado, it is, substantially, that the treaty or convention which we are discussing here does not differ in substance from prior treaties or conventions that had to do with arbitrating other claims between citizens of this country and other countries. Is that correct?

Mr. ADAMS. That is correct.

Mr. WILEY. And the Senator takes the position, does he, that this treaty or convention does not establish by its terms a precedent that would create a legal obligation upon the part of the Government to take over these claims?

Mr. ADAMS. I am perfectly clear about that. Of course, I say that with all due humility when I approach gentlemen of greater understanding and experience; but I have no doubt about it.

Mr. WILEY. The reason why I ask that question again is that I think the amount involved here is serious enough, but I think this action may lay the basis for future action that may be very expensive to the Government. I should like to see language in this convention or treaty—and I have not heard it read—which satisfies me that it does not establish such a precedent. If it contains such language, I should feel very happy about it. Otherwise, by our act here we are establishing a precedent that may be very serious in its potentialities to the Government.

Mr. ADAMS. I will say to the Senator that I have read and reread the treaty, and I cannot find in it words of the kind indicated by the Senator. I ask unanimous consent

that the English text of the treaty itself may be incorporated in the RECORD at this point as part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The English text of the treaty is as follows:

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas a Convention between the United States of America and the United Mexican States providing for the amicable settlement and adjustment of claims by the citizens of each country against the other, was concluded and signed by their respective Plenipotentiaries at Washington on the eighth day of September, one thousand nine hundred and twenty-three, the original of which Convention, being in the English and Spanish languages is word for word as follows:

The United States of America and the United Mexican States, desiring to settle and adjust amicably claims by the citizens of each country against the other since the signing on July 4, 1868, of the Claims Convention entered into between the two countries (without including the claims for losses or damages growing out of the revolutionary disturbances in Mexico which form the basis of another and separate Convention), have decided to enter into a Convention with this object, and to this end have nominated as their Plenipotentiaries:

The President of the United States of America:

The Honorables Charles Evans Hughes, Secretary of State of the United States of America, Charles Beecher Warren and John Barton Payne, and

The President of the United Mexican States:

Señor Don Manuel C. Téllez, Chargé d'Affaires ad interim of the United Mexican States at Washington;

Who, after having communicated to each other their respective full powers found to be in due and proper form, have agreed upon the following Articles:

ARTICLE I

All claims (except those arising from acts incident to the recent revolutions) against Mexico of citizens of the United States, whether corporations, companies, associations, partnerships or individuals, for losses or damages suffered by persons or by their properties; and all claims against the United States of America by citizens of Mexico, whether corporations, companies, associations, partnerships or individuals, for losses or damages suffered by persons or by their properties; all claims for losses or damages suffered by citizens of either country by reason of losses or damages suffered by any corporation, company, association or partnership in which such citizens have or have had a substantial and bona fide interest, provided an allotment to the claimant by the corporation, company, association or partnership of his proportion of the loss or damage suffered is presented by the claimant to the Commission hereinafter referred to; and all claims for losses or damages originating from acts of officials or others acting for either Government and resulting in injustice, and which claims may have been presented to either Government for its interposition with the other since the signing of the Claims Convention concluded between the two countries July 4, 1868, and which have remained unsettled, as well as any other such claims which may be filed by either Government within the time hereinafter specified, shall be submitted to a Commission consisting of three members for decision in accordance with the principles of international law, justice and equity.

Such Commission shall be constituted as follows: one member shall be appointed by the President of the United States; one by the President of the United Mexican States; and the third, who shall preside over the Commission, shall be selected by mutual agreement between the two Governments. If the two Governments shall not agree within two months from the exchange of ratifications of this Convention in naming such third member, then he shall be designated by the President of the Permanent Administrative Council of the Permanent Court of Arbitration at The Hague described in Article XLIX of the Convention for the pacific settlement of international disputes concluded at The Hague on October 18, 1907. In case of the death, absence or incapacity of any member of the Commission, or in the event of a member omitting or ceasing to act as such, the same procedure shall be followed for filling the vacancy as was followed in appointing him.

ARTICLE II

The Commissioners so named shall meet at Washington for organization within six months after the exchange of the ratifications of this Convention, and each member of the Commission, before entering upon his duties, shall make and subscribe a solemn declaration stating that he will carefully and impartially examine and decide, according to the best of his judgment and in accordance with the principles of international law, justice and equity, all claims presented for decision, and such declaration shall be entered upon the record of the proceedings of the Commission.

The Commission may fix the time and place of its subsequent meetings, either in the United States or in Mexico as may be convenient, subject always to the special instructions of the two Governments.

ARTICLE III

In general, the Commission shall adopt as the standard for its proceedings the rules of procedure established by the Mixed Claims Commission created under the Claims Convention between the two Governments signed July 4, 1868, in so far as such rules are not in conflict with any provision of this Convention. The Commission, however, shall have authority by the decision of the majority of its members to establish such other rules for its proceedings as may be deemed expedient and necessary, not in conflict with any of the provisions of this Convention.

Each Government may nominate and appoint agents and counsel who will be authorized to present to the Commission, orally or in writing, all the arguments deemed expedient in favor of or against any claim. The agents or counsel of either Government may offer to the Commission any documents, affidavits, interrogatories or other evidence desired in favor of or against any claim and shall have the right to examine witnesses under oath or affirmation before the Commission, in accordance with such rules of procedure as the Commission shall adopt.

The decision of the majority of the members of the Commission shall be the decision of the Commission.

The language in which the proceedings shall be conducted and recorded shall be English or Spanish.

ARTICLE IV

The Commission shall keep an accurate record of the claims and cases submitted, and minutes of its proceedings with the dates thereof. To this end, each Government may appoint a Secretary; these Secretaries shall act as joint Secretaries of the Commission and shall be subject to its instructions. Each Government may also appoint and employ any necessary assistant secretaries and such other assistance as deemed necessary. The Commission may also appoint and employ any persons necessary to assist in the performance of its duties.

ARTICLE V

The High Contracting Parties being desirous of effecting an equitable settlement of the claims of their respective citizens thereby affording them just and adequate compensation for their losses or damages, agree that no claim shall be disallowed or rejected by the Commission by the application of the general principle of international law that the legal remedies must be exhausted as a condition precedent to the validity or allowance of any claim.

ARTICLE VI

Every such claim for loss or damage accruing prior to the signing of this Convention, shall be filed with the Commission within one year from the date of its first meeting, unless in any case reasons for the delay, satisfactory to the majority of the Commissioners, shall be established, and in any such case the period for filing the claim may be extended not to exceed six additional months.

The Commission shall be bound to hear, examine and decide, within three years from the date of its first meeting, all the claims filed, except as hereinafter provided in Article VII.

Four months after the date of the first meeting of the Commissioners, and every four months thereafter, the Commission shall submit to each Government a report setting forth in detail its work to date, including a statement of the claims filed, claims heard and claims decided. The Commission shall be bound to decide any claim heard and examined within six months after the conclusion of the hearing of such claim and to record its decision.

ARTICLE VII

The High Contracting Parties agree that any claim for loss or damage accruing after the signing of this Convention, may be filed by either Government with the Commission at any time during the period fixed in Article VI for the duration of the Commission; and it is agreed between the two Governments that should any such claim or claims be filed with the Commission prior to the termination of said Commission, and not be decided as specified in Article VI, the two Governments will by agreement extend the time within which the Commission may hear, examine and decide such claim or claims so filed for such a period as may be required for the Commission to hear, examine and decide such claim or claims.

ARTICLE VIII

The High Contracting Parties agree to consider the decision of the Commission as final and conclusive upon each claim decided, and to give full effect to such decisions. They further agree to consider the result of the proceedings of the Commission as a full, perfect and final settlement of every such claim upon either Government, for loss or damage sustained prior to the exchange of the ratifications of the present Convention (except as to claims arising from revolutionary disturbances and referred to in the preamble hereof). And they further agree that every such claim, whether or not filed and presented to the notice of, made, preferred or submitted to such Commission shall from and after the conclusion of the proceedings of the Commission be considered and treated as fully settled, barred and thenceforth inadmissible, provided the claim filed has been heard and decided.

ARTICLE IX

The total amount awarded in all the cases decided in favor of the citizens of one country shall be deducted from the total amount awarded to the citizens of the other country and the balance shall be paid at Washington or at the city of Mexico, in gold

coin or its equivalent to the Government of the country in favor of whose citizens the greater amount may have been awarded.

In any case the Commission may decide that international law, justice and equity require that a property or right be restored to the claimant in addition to the amount awarded in any such case for all loss or damage sustained prior to the restitution. In any case where the Commission so decides the restitution of the property or right shall be made by the Government affected after such decision has been made, as hereinbelow provided. The Commission, however, shall at the same time determine the value of the property or right decreed to be restored and the Government affected may elect to pay the amount so fixed after the decision is made rather than to restore the property or right to the claimant.

In the event the Government affected should elect to pay the amount fixed as the value of the property or right decreed to be restored, it is agreed that notice thereof will be filed with the Commission within thirty days after the decision and that the amount fixed as the value of the property or right shall be paid immediately. Upon failure so to pay the amount the property or right shall be restored immediately.

ARTICLE X

Each Government shall pay its own Commissioner and bear its own expenses. The expenses of the Commission including the salary of the third Commissioner shall be defrayed in equal proportions by the two Governments.

ARTICLE XI

The present Convention shall be ratified by the High Contracting Parties in accordance with their respective Constitutions. Ratifications of this Convention shall be exchanged in Washington as soon as practicable and the Convention shall take effect on the date of the exchange of ratifications.

In witness whereof, the respective Plenipotentiaries have signed and affixed their seals to this Convention.

Done in duplicate at Washington this eighth day of September, 1923.

CHARLES EVANS HUGHES	[SEAL.]
CHARLES BEECHER WARREN	[SEAL.]
JOHN BARTON PAYNE	[SEAL.]
MANUEL C. TÉLÉZ	[SEAL.]

MEXICAN GENERAL CLAIMS CONVENTION, SEPTEMBER 8, 1923

Article V

The high contracting parties, being desirous of effecting an equitable settlement of the claims of their respective citizens, thereby affording them just and adequate compensation for their losses or damages, agree that no claims shall be disallowed or rejected by the Commission by the application of the general principle of international law; that the legal remedies must be exhausted as a condition precedent to the validity or allowance of any claim.

Article VI

Every such claim for loss or damage accruing prior to the signing of this Convention shall be filed with the Commission within 1 year from the date of its first meeting, unless in any case reasons for the delay, satisfactory to the majority of the Commissioners, shall be established, and in any such case the period for filing the claim may be extended not to exceed 6 additional months.

The Commission shall be bound to hear, examine, and decide within 3 years from the date of its first meeting all the claims filed, except as hereinafter provided in article VII.

Four months after the date of the first meeting of the Commissioners, and every 4 months thereafter, the Commission shall submit to each Government a report setting forth in detail its work to date, including a statement of the claims filed, claims heard, and claims decided. The Commission shall be bound to decide any claim heard and examined within 6 months after the conclusion of the hearing of such claim and to record its decision.

Article VIII¹

The high contracting parties agree to consider the decision of the Commission as final and conclusive upon each claim decided, and to give full effect to such decisions. They further agree to consider the result of the proceedings of the Commission as a full, per-

¹ MARGINAL NOTE.—Same as article VII of Panama Convention of July 28, 1926. Similar to provisions of Claims Conventions with Great Britain of 1910 and 1853.

AND WHEREAS the said Convention, has been duly ratified on both parts, and the ratifications of the two Governments were exchanged in the City of Washington, on the first day of March, one thousand nine hundred and twenty-four;

NOW, THEREFORE, be it known that I, Calvin Coolidge, President of the United States of America, have caused the said Convention to be made public to the end that the same and every article and clause thereof, may be observed and fulfilled with good faith by the United States and the citizens thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

DONE at the city of Washington, this third day of March, in the year of our Lord one thousand nine hundred and twenty-[SEAL.] four, and of the independence of the United States of America the one hundred and forty-eighth.

By the President:
CHARLES E. HUGHES
Secretary of State.

CALVIN COOLIDGE

Mr. ADAMS. Mr. President, I do not know whether or not it can be worked out; but I should like to submit, if it is possible to work it out in the RECORD in some form of parallel columns, certain text which I have drawn from the Mexican General Claims Convention of September 8, 1923, the one we are dealing with, and from the Mexican Special Claims Convention of September 10, 1923, and from the Mexican Claims Convention of July 4, 1868. I may say that I have noted on the margin, if the official reporter will be good enough to add it, that the provisions of article VII of the General Claims Convention are almost identical with those of article VII of the Panama Convention of July 28, 1926, and very similar to the provisions of the claims conventions with Great Britain of 1910 and 1853.

The PRESIDING OFFICER. Without objection, and subject to the ingenuity of the Government Printing Office, the matter referred to by the Senator from Colorado will be printed in the RECORD in parallel columns.

MEXICAN SPECIAL CLAIMS CONVENTION, SEPTEMBER 10, 1923

Article VI

Since the Mexican Government desires to arrive at an equitable settlement of the claims of the citizens of the United States and to grant them a just and adequate compensation for their losses or damages, the Mexican Government agrees that the Commission shall not disallow or reject any claim by the application of the general principle of international law that the legal remedies must be exhausted as a condition precedent to the validity or allowance of any claim.

Article VII

Every claim shall be filed with the Commission within 2 years from the date of its first meeting, unless in any case reasons for the delay satisfactory to the majority of the Commissioners shall be established, and in any such case the period for filing the claim may be extended not to exceed 6 additional months.

The Commission shall be bound to hear, examine, and decide within 5 years from the date of its first meeting all the claims filed.

Four months after the date of the first meeting of the Commissioners, and every 4 months thereafter, the Commission shall submit to each Government a report setting forth in detail its work to date, including a statement of the claims filed, claims heard, and claims decided. The Commission shall be bound to decide any claim heard and examined within 6 months after the conclusion of the hearing of such claim and to record its decision.

Article VIII¹

The high contracting parties agree to consider the decision of the Commission as final and conclusive upon each claim decided, and to give full effect to such decisions. They further agree to consider the result of the proceedings of the Commission as a full, per-

¹ MARGINAL NOTE.—Same as article VII of Panama Convention of July 28, 1926. Similar to provisions of Claims Conventions with Great Britain of 1910 and 1853.

MEXICAN CLAIMS CONVENTION, JULY 4, 1868

Article V¹

The high contracting parties agree to consider the result of the proceedings of this Commission as a full, perfect, and final settlement of every claim upon either Government arising out of any transaction of a date prior to the exchange of the ratifications

¹ MARGINAL NOTE.—Same as article VII of Panama Convention of July 28, 1926. Similar to provisions of Claims Conventions with Great Britain of 1910 and 1853.

MEXICAN GENERAL CLAIMS CONVENTION, SEPTEMBER 8, 1923—continued

fect, and final settlement of every such claim upon either Government for loss or damage sustained prior to the exchange of the ratifications of the present Convention (except as to claims arising from revolutionary disturbances and referred to in the preamble hereof). And they further agree that every such claim, whether or not filed and presented to the notice of, made, preferred, or submitted to such Commission, shall from and after the conclusion of the proceedings of the Commission be considered and treated as fully settled, barred, and thenceforth inadmissible, provided the claim filed has been heard and decided.

Article IX¹

The total amount awarded in all the cases decided in favor of the citizens of one country shall be deducted from the total amount awarded to the citizens of the other country and the balance shall be paid at Washington or at the city of Mexico, in gold coin or its equivalent, to the Government of the country in favor of whose citizens the greater amount may have been awarded.

¹ MARGINAL NOTE.—Same as article VII of Panama Convention of July 28, 1926. Similar to provisions of Claims Conventions with Great Britain of 1910 and 1853.

Mr. SHEPPARD. Mr. President, I wish only to say that our Government, by its own negligence, has defeated the payment of awards to American citizens growing out of claims which have been favorably passed upon by one of its own agencies; and that therefore, in all justice, it ought to make good those claims, especially when it can in turn collect from the Mexican Government.

Mr. KING. Mr. President, does the Senator from Texas expect final action upon the bill today?

Mr. SHEPPARD. We are ready for a vote.

Mr. KING. I shall have to call for a quorum. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk call the roll, and the following Senators answered to their names:

Adams	Chavez	McCarran	Stewart
Andrews	Clark, Idaho	McKellar	Thomas, Okla.
Austin	Danaher	McNary	Thomas, Utah
Barbour	Gurney	Mead	Vandenberg
Barkley	Hatch	Minton	Wiley
Bilbo	Johnson, Colo.	Overton	
Bulow	King	Pepper	
Caraway	La Follette	Sheppard	

The PRESIDING OFFICER. Twenty-nine Senators have responded to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

Mr. KING. Mr. President, I move that the Senate adjourn.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah that the Senate adjourn.

The motion was rejected.

The PRESIDING OFFICER. The clerk will proceed to call the names of the absent Senators.

The legislative clerk called the names of absent Senators, and Mr. BANKHEAD, Mr. CLARK of Missouri, Mr. CONNALLY, Mr. DAVIS, Mr. FRAZIER, Mr. GEORGE, Mr. GERRY, Mr. GIBSON, Mr. GILLETTE, Mr. GREEN, Mr. HAYDEN, Mr. LODGE, Mr. MILLER, Mr. NORRIS, Mr. O'MAHONEY, Mr. PITTMAN, Mr. RUSSELL, Mr. SCHWARTZ, Mr. SCHWELLENBACH, Mr. TOWNSEND, and Mr. TRUMAN answered to their names when called.

The PRESIDING OFFICER. Fifty Senators having answered to their names, a quorum is present.

MEXICAN SPECIAL CLAIMS CONVENTION, SEPTEMBER 10, 1923—continued

fect, and final settlement of every such claim upon the Mexican Government arising from any of the causes set forth in article III of this Convention. And they further agree that every such claim, whether or not filed and presented to the notice of, made, preferred, or submitted to such Commission, shall from and after the conclusion of the proceedings of the Commission be considered and treated as fully settled, barred, and thenceforth inadmissible, provided the claim filed has been heard and decided.

MEXICAN CLAIMS CONVENTION, JULY 4, 1868—continued

of the present Convention; and further engage that every such claim, whether or not the same may have been presented to the notice of, made, preferred, or laid before the said Commission, shall from and after the conclusion of the proceedings of the said Commission be considered and treated as finally settled, barred, and thenceforth inadmissible.

Article IV¹

When decisions shall have been made by the Commissioners and the arbiter in every case which shall have been laid before them, the total amount awarded in all the cases decided in favor of the citizens of the one party shall be deducted from the total amount awarded to the citizens of the other party, and the balance, to the amount of \$300,000, shall be paid at the city of Mexico or at the city of Washington, in gold or its equivalent, within 12 months from the close of the Commission, to the Government in favor of whose citizens the greater amount may have been awarded, without interest or any other deduction than that specified in article VI of this convention. The residue of the said balance shall be paid in annual installments to an amount not exceeding \$300,000, in gold or its equivalent, in any one year until the whole shall have been paid.

¹ MARGINAL NOTE.—Same as article VII of Panama Convention of July 28, 1926. Similar to provisions of Claims Conventions with Great Britain of 1910 and 1853.

The question is on agreeing to the motion of the Senator from Texas to proceed to the consideration of Senate bill 326.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 326) for the payment of awards and appraisals heretofore made in favor of citizens of the United States on claims presented under the General Claims Convention of September 8, 1923, United States and Mexico.

The PRESIDING OFFICER. The bill was amended when it was considered on February 2, 1939.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The question now is, Shall the bill pass?

Mr. ADAMS. I ask for a division.

On a division, the bill was passed, as follows:

Be it enacted, etc., That the principal amounts of all awards in favor of citizens of the United States against the United Mexican States heretofore made by the commissions established by the General Claims Convention of September 8, 1923, United States and Mexico, and extensions thereof, on claims presented under said convention, plus interest stipulated in any such award and accruing up to the date of such award, and the principal amounts of all appraisals of such claims in favor of citizens of the United States heretofore made by the commissioners appointed by the United States and Mexico for said purpose pursuant to the protocol of April 24, 1934, and agreed upon in their report, plus interest stipulated in any such appraisal and accruing up to the date of said report, shall be paid immediately by the Government of the United States to the person or persons entitled to the same, and that appropriations for such payment of all such awards and agreed appraisals, out of any money in the Treasury not otherwise appropriated, be, and hereby are, authorized: *Provided*, That the Secretary of State shall certify to the Secretary of the Treasury all such awards and appraisals, whereupon the Secretary of the Treasury shall determine the amounts to be paid on each in conformity with this act, and shall designate the person or persons entitled to receive such payments: *Provided further*, That, when the person or persons entitled to receive any such payments have received same on any such award or appraisal, such person or persons will be deemed to have consented to all of the provisions of this act, and all of the rights and interests of such person or persons in and to such award or appraisal, and the respective claim to which it pertains, will be deemed to have been fully satisfied and paid, and said award or appraisal, and the claim to which same pertains, and all of the rights and interests of such

person or persons in respect thereto, shall be held to have been assigned to the United States to be enforced by and on behalf of the United States against the United Mexican States: And provided further, That awards and appraisals authorized to be paid by this act shall be included in the final settlement between the Governments of the United States of America and the United Mexican States under the said convention of September 8, 1923; and the payment of any award or appraisal under this act shall not be construed as the satisfaction, in whole or in part, of any such award or appraisal, or as extinguishing or diminishing the liability of the United Mexican States for the satisfaction in full of such awards and appraisals, but shall be considered only as an advance by the United States until all of said awards and appraisals have been paid off and satisfied in full to the United States by the United Mexican States.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair) laid before the Senate messages from the President of the United States submitting a nomination and a convention, which were referred to the appropriate committees.

(For nomination this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Naval Affairs, reported favorably sundry nominations for promotion in the Marine Corps.

Mr. WHEELER, from the Committee on Interstate Commerce, reported favorably the following nominations:

William E. Lee, of Idaho, to be an Interstate Commerce Commissioner for a term expiring December 31, 1945 (re-appointment); and

J. Haden Alldredge, of Alabama, to be an Interstate Commerce Commissioner for a term expiring December 31, 1944, vice Frank McManamy.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

That concludes the calendar.

AUTHORIZATION FOR REPORTING AND SIGNING BILLS, ETC.

The Senate resumed legislative session.

Mr. BARKLEY. I ask unanimous consent that during the adjournment of the Senate following today's session the Vice President may be authorized to sign bills and resolutions ready for his signature; that the committees of the Senate may be authorized to report bills, resolutions, and nominations, and that the Secretary of the Senate may be authorized to receive messages from the House of Representatives.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT TO MONDAY

Mr. BARKLEY. I move that the Senate adjourn until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 3 o'clock and 38 minutes p. m.) the Senate adjourned until Monday, April 24, 1939, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate April 20 (legislative day of April 19), 1939

COAST GUARD OF THE UNITED STATES

Pay Clerk James Black to be a chief pay clerk in the Coast Guard of the United States, to rank as such from March 1, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 20 (legislative day of April 19), 1939

POSTMASTERS

ARKANSAS

Buren Flannigan, Leachville.
Inez C. Crain, Wilson.

KANSAS

Ada Mildred Whistler, Havana.

INDIANA

Walter J. Ritterskamp, Freelandville.

MASSACHUSETTS

Ieleen C. Galvin, Byfield.
Frank W. Dix, Prides Crossing.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 20, 1939

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We praise Thee, our Father, for all Thy mercies which Thou hast vouchsafed unto us. We thank Thee for the sublime principles enunciated by the Master and fulfilled in His incomparable life. We pray, we entreat Thee to inspire the peoples of the earth with the invincible desire for peace. Almighty God, we look for the star that preludes the morning and it is not there; we lift our eyes to the horizon and see it not. Arise, O Morning Star, arise and never set. Oh, forgive our blindness and lack of faith. O God of might and mercy, may men everywhere feel those strong affections which spring from a common hope and a common suffering. We thank Thee for those strong, heroic souls which have caught Thy inspiration, feeling its warmth and power, are giving it to the world. Continue with us and bring forth that kingdom which Thou didst come to establish. In the holy and eternal name of our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

AMENDMENT OF SECTION 503 (B) OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT

The SPEAKER. The Chair desires to announce that the unfinished business which must have priority this morning over all requests is the reading of the engrossed copy of the bill (H. R. 5379) to amend the act entitled "An act to prohibit the movement in interstate commerce of adulterated and misbranded food, drugs, devices, and cosmetics, and for other purposes," approved June 25, 1938, under consideration at the adjournment yesterday evening.

The Clerk will read the engrossed copy of the bill.

The Clerk read the engrossed copy of the bill.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. SCHAFER of Wisconsin) there were—ayes 40, noes 37.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 118, nays 234, answered "present" 2, not voting 76, as follows:

[Roll No. 55]

YEAS—118

Alexander	Brown, Ohio	Crawford	Eberharter
Andersen, H. Carl	Bryson	Crosser	Elston
Anderson, Calif.	Buck	Cullen	Fernandez
Andersen, A. H.	Bulwinkle	Curtis	Fitzpatrick
Arends	Burdick	Delaney	Flannagan
Barden	Caldwell	Dempsey	Flannery
Bender	Celler	Disney	Folger
Boehne	Chandler	Doughton	Ford, Miss.
Boland	Clark	Doxey	Gamble
Bradley, Mich.	Clason	Duncan	Gibbs
Brewster	Claypool	Durham	Gossett
Brown, Ga.	Costello	Eaton, N. J.	Grant, Ala.

Grant, Ind.
Hall
Halleck
Hare
Harness
Hendricks
Hobbs
Holmes
Hull
Hunter
Jarman
Jenkins, Ohio
Jenks, N. H.
Johnson, Ill.
Johnson, Ind.
Jones, Ohio
Keefe
Kerr

Kilday
Kunkel
Lea
Lewis, Ohio
Ludlow
McCormack
McLaughlin
Mapes
Marshall
Martin, Colo.
Mills, Ark.
Mundt
Murdock, Utah
O'Brien
Oliver
Pace
Parsons
Patrick

Peterson, Ga.
Pierce, N. Y.
Pittenger
Polk
Rayburn
Reece, Tenn.
Reed, Ill.
Rees, Kans.
Robinson, Utah
Sandager
Satterfield
Schiffner
Secombe
Secrest
Smith, Maine
Smith, Ohio
Smith, W. Va.
Snyder

South
Spence
Steagall
Summer, Ill.
Tarver
Tolan
Treadway
Vinson, Ga.
Vorys, Ohio
Warren
Weaver
Wheat
Whelchel
White, Idaho
White, Ohio
Winter

The Clerk announced the following pairs:
On the vote:

Mr. Sheppard (for) with Mr. Pfeifer (against).

General pairs:

Mr. May with Mr. Short.
Mr. Sullivan with Mr. Gifford.
Mr. Mansfield with Mr. Crowther.
Mr. Starnes of Alabama with Mr. Fish.
Mr. Bland with Mr. Knutson.
Mr. Kleberg with Mr. Bolton.
Mr. Burch with Mr. Hartley.
Mr. Drewry with Mr. Wolcott.
Mr. McReynolds with Mr. Mason.
Mr. Dies with Mr. Woodruff of Michigan.
Mr. Ramspeck with Mr. Bolles.
Mr. Taylor of Colorado with Mr. Hoffman.
Mr. Gavagan with Mr. Allen of Illinois.
Mr. Hennings with Mr. Cluett.
Mr. O'Toole with Mr. Tinkham.
Mr. Hart with Mr. Osmer.
Mr. Schuetz with Mr. Engel.
Mrs. Norton with Mr. Blackney.
Mr. McGehee with Mr. Englebright.
Mr. Kramer with Mr. Gearhart.
Mr. Sweeney with Mr. Maas.
Mr. Bell with Mr. Powers.
Mr. Owen with Mr. Stearns of New Hampshire.
Mr. Cartwright with Mr. Welch.
Mr. Dickstein with Mr. Buckler of Minnesota.
Mr. Wood with Mr. Sirovich.
Mr. Edmiston with Mr. Fay.
Mr. Casey of Massachusetts with Mr. Sacks.
Mr. Ashbrook with Mr. Fries.
Mr. Murdock of Arizona with Mr. Sasscer.
Mr. Curley with Mr. Cole of Maryland.
Mr. Byron with Mr. Buckley of New York.
Mr. Faddis with Mr. Evans.
Mr. Michael J. Kennedy with Mr. Geyer of California.
Mr. Byrne of New York with Mr. Thomas F. Ford.

Mr. CANNON of Florida, Mr. MALONEY, Mr. RANKIN, Mr. WALLGREN, Mr. CREAL, and Mr. JOHN L. McMILLAN changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.
The doors were opened.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4278, an act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed joint resolutions and a bill of the House of the following titles:

On April 13, 1939:

H. J. Res. 225. Joint resolution amending the joint resolution entitled "Joint resolution providing for the construction and maintenance of a National Gallery of Art", approved March 24, 1937.

H. J. Res. 246. Joint resolution making a further additional appropriation for work relief and relief for the fiscal year ending June 30, 1939.

On April 19, 1939:

H. R. 5482. An act to increase the authorization for appropriations for the administration of State unemployment compensation laws.

AUXILIARY VESSELS FOR THE NAVY

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Concurrent Resolution 14.

The Clerk read the resolution as follows:

Senate Concurrent Resolution 14

Resolved, etc., That the President of the United States be, and he is hereby, requested to return to the Senate the enrolled bill (S. 828) to permit the President to acquire and convert, as well as to construct, certain auxiliary vessels for the Navy; that if and when the said bill is returned by the President, the action of the Speaker of the House of Representatives and of the Vice President in signing the said bill be deemed to be rescinded; and that the Secretary of the Senate be, and he is hereby, authorized and directed, in the reenrollment of the said bill, to make the

NAYS—234

Allen, La.
Allen, Pa.
Anderson, Mo.
Andrews
Angell
Arnold
Austin
Ball
Barnes
Barry
Barton
Bates, Ky.
Bates, Mass.
Beam
Beckworth
Bloom
Boren
Boykin
Bradley, Pa.
Brooks
Burgin
Byrns, Tenn.
Cannon, Fla.
Cannon, Mo.
Carlson
Carter
Case, S. Dak.
Chapman
Chilperfield
Church
Clevenger
Cochran
Coffee, Nebr.
Coffee, Wash.
Cole, N. Y.
Collins
Colmer
Connery
Cooley
Cooper
Corbett
Cox
Creal
Crowe
Culkin
Cummings
D'Alesandro
Darden
Darrow
DeRouen
Dingell
Dirksen
Ditter
Dondero
Douglas
Dowell
Dworshak
Eaton, Calif.
Ellis

Fenton
Ferguson
Flaherty
Ford, Leland M.
Fulmer
Garrett
Gathings
Gehrman
Gerlach
Gilchrist
Gillie
Gore
Graham
Green
Gregory
Griffith
Griswold
Gross
Guyer, Kans.
Gwynne
Hancock
Harrington
Harter, N. Y.
Harter, Ohio
Havener
Hawks
Healey
Heinke
Hess
Hill
Hinshaw
Hook
Hope
Horton
Houston
Izac
Jarrett
Jeffries
Jensen
Johns
Johnson, Luther A.
Johnson, Lyndon
Johnson, Okla.
Johnson, W. Va.
Jones, Tex.
Kean
Kee
Keller
Kelly
Kennedy, Martin
Kennedy, Md.
Keogh
Kinzer
Kirwan
Kitchens
Kocalkowski
Lambertson
Landis

Lanham
Larrabee
Leavy
LeCompte
Lemke
Lesinski
Lewis, Colo.
Lord
Luce
McAndrews
McArdle
McDowell
McGranery
McKeough
McLean
McLeod
McMillan, John L.
McMillan, Thos. S.
Maciejewski
Magnuson
Mahon
Maloney
Marcantonio
Martin, Ill.
Martin, Iowa
Martin, Mass.
Massingale
Merritt
Michener
Miller
Mills, La.
Monkiewicz
Monroney
Moser
Mott
Mouton
Murray
Myers
Nelson
Nichols
Norrell
O'Connor
O'Day
O'Leary
O'Neal
Patman
Patton
Pearson
Peterson, Fla.
Pierce, Oreg.
Plumley
Poage
Rabaut
Randolph
Rankin
Reed, N. Y.
Rich
Richards
Risk

Robertson
Robison, Ky.
Rockefeller
Rodgers, Pa.
Rogers, Mass.
Rogers, Okla.
Romjue
Routzohn
Rutherford
Ryan
Schaefer, Ill.
Schaffer, Wis.
Schulte
Schwert
Scrugham
Seeger
Shaffer, Mich.
Shanley
Shannon
Simpson
Smith, Conn.
Smith, Va.
Smith, Wash.
Somers, N. Y.
Sparkman
Springer
Stefan
Summers, Tex.
Sutphin
Taber
Talle
Taylor, Tenn.
Tenerowicz
Terry
Thill
Thomas, N. J.
Thomas, Tex.
Thomason
Thorkelson
Tibbott
Van Zandt
Vincent, Ky.
Voorhis, Calif.
Vreeland
Wadsworth
Wallgren
Walter
West
Whittington
Wigglesworth
Williams, Del.
Williams, Mo.
Wolfenden, Pa.
Wolverton, N. J.
Woodrum, Va.
Youngdahl
Zimmerman

ANSWERED "PRESENT"—2

Dunn

Knutson

NOT VOTING—76

Allen, Ill.
Ashbrook
Bell
Blackney
Bland
Bolles
Bolton
Buckler, Minn.
Buckley, N. Y.
Burch
Byrne, N. Y.
Byron
Cartwright
Casey, Mass.
Cluett
Cole, Md.
Crowther
Curley
Dickstein

Dies
Drewry
Edmiston
Elliot
Engel
Englebright
Evans
Faddis
Fay
Fish
Ford, Thomas F.
Fries
Gavagan
Gearhart
Geyer, Calif.
Gifford
Hart
Hartley
Hennings

Hoffman
Jacobsen
Kennedy, Michael
Kleberg
Kramer
McGehee
McReynolds
Maas
Mansfield
Mason
May
Mitchell
Murdock, Ariz.
Norton
Osmer
O'Toole
Owen
Pfeifer
Powers

Ramspeck
Sabath
Sacks
Sasscer
Schuetz
Sheppard
Short
Sirovich
Smith, Ill.
Starnes, Ala.
Stearns, N. H.
Sullivan
Sweeney
Taylor, Colo.
Tinkham
Welch
Wolcott
Wood
Woodruff, Mich.

So the bill was rejected.

following correction, viz: On page 2, line 25, of the engrossed bill, strike out the figures "769" and insert in lieu thereof "768."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

ASSIGNMENT OF SPACE IN GALLERY OF HOUSE OF REPRESENTATIVES TO RADIO REPORTERS

Mr. DEMPSEY. Mr. Speaker, by direction of the Committee on Rules, I present a privileged resolution and ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 169

Resolved, That rule XXXV of the Rules of the House of Representatives is amended by the addition of the following, which shall become paragraph 3:

"3. Such portion of the gallery of the House of Representatives as may be necessary to accommodate reporters of news to be disseminated by radio, wireless, and similar means of transmission, wishing to report debates and proceedings, shall be set aside for their use, and reputable reporters thus engaged shall be admitted thereto under such regulations as the Speaker may from time to time prescribe; and the supervision of such gallery, including the designation of its employees, shall be vested in the standing Committee of Radio Reporters, subject to the direction and control of the Speaker."

The SPEAKER. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

The resolution was agreed to, and a motion to reconsider was laid on the table.

MILITARY ESTABLISHMENT APPROPRIATION BILL, 1940

Mr. SNYDER submitted a conference report and statement on the bill (H. R. 4630) making appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes.

EXTENSION OF REMARKS

Mr. REED of New York and Mr. LEAVY asked and were given permission to extend their own remarks in the Record.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record by having printed a brief editorial from the Toronto Globe and Empire.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a resolution received from the Legislature of Puerto Rico, together with several letters from departments of the Government and a petition to the President of the United States.

The SPEAKER. Is there objection to the request of the Commissioner from Puerto Rico?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent that on Wednesday next, after the disposition of business on the Speaker's table and following the legislative program of the day, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record on two different subjects, and in connection with the first subject to include an address by Marriner S. Eccles, Chairman of the Federal Reserve Board, and in the other extension to include an exchange of correspondence between former Representative Tom Amlie and the President of the United States.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I merely want to make an appeal to the House. In the Appendix of the Record, page 1491, there begins a rather complete exposition of a monetary-control bill, H. R. 4931, introduced by myself. This speech is an effort not only to analyze our present situation but to give the background and the reasons for the bill and an analysis of its provisions.

My appeal is that Members take the trouble to read my own remarks on this all-important subject; and that they at least turn to the Appendix of the Record, page 1500 and read there the program for monetary reform developed and set forth by some of the most eminent economists in America. That program accords almost exactly with the provisions of my bill.

EXTENSION OF REMARKS

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing an article appearing in the Saturday Evening Post by Mr. George N. Peek, on agriculture.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. GEHRMANN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record by including therein a radio address I made a few days ago.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SMITH of Ohio. Mr. Speaker, "the most important consideration to a civilized nation," said Mr. F. Horner in the debate in the House of Commons in 1811 on the question of restoring specie payment, "is the standard value of coin. All civilized nations have at all times considered a measure of value as essential to the interest of the state."

NOTHING IN THE CONSTITUTION GAVE CONGRESS AUTHORITY TO ALTER THE STANDARD UNIT OF VALUE—IT SPECIFICALLY FORBODE CONGRESS TO ISSUE LEGAL TENDER

There is nothing in the Constitution itself; in the debates of the Constitutional Convention as reported by Madison; in the writings of Alexander Hamilton, and especially in his report On the Establishment of a Mint to the House of Representatives, January 28, 1791; in the report of Secretary of State Jefferson to the House of Representatives for a "plan or plans for establishing uniformity in the currency, weights, and measures"; in the debates in Congress relating to the first Coinage Act; or in the first Coinage Act passed April 2, 1792, "establishing a mint and regulating the coins of the United States," that even suggests the writers of the Constitution had the least thought of granting to Congress authority to alter the standard unit of value. On the contrary, both reports of Hamilton and Jefferson to Congress, and the first Coinage Act passed, are replete with proof that they intended Congress should not have this authority.

At the time the Constitution was written there was no uniform standard unit of value. Foreign coins were chiefly in use previous to the adoption of the Constitution. The Spanish milled dollar was the money of commerce and the practical monetary unit. English, French, Spanish, and Portuguese coins were in circulation. These coins varied in fineness and weight. This naturally caused confusion and inconvenience, as well as unfair trading. To overcome this it was necessary for Congress to establish a uniform standard unit of value.

It is of importance to note that no thought was entertained by anyone of establishing a new standard unit of value. Alexander Hamilton, to whom was given the task of solving this problem, clearly indicated this. In the opening remarks in his report to Congress, above referred to, he said:

A prerequisite to determining with propriety what ought to be the money unit of the United States, is to endeavor to form as accurate an idea as the nature of the case will admit, of what it actually is.

He clearly understood the importance of so delicate a problem, the solution of which as he said—

involves a great variety of considerations—intricate, nice, and important. The general state of debtor and creditor; all the relations and consequences of price; the essential interests of trade and industry; the value of all property; the whole income, both of the State and individuals, are liable to be sensibly influenced, beneficially or otherwise, by the judicious or injudicious regulations of this interesting object.

After completing his researches he recommended to Congress that the Spanish milled dollar, containing 371.25 grains of pure silver—the same as it still contains—which he stated was the monetary unit in practical use, be adopted as the unit of value. Congress followed this recommendation and in the act of April 2, 1792, establishing—

a mint and regulating the coins of the United States. * * *
Sec. 9. * * * That there shall be from time to time struck and coined * * * dollars or units—each to be of the value of a Spanish milled dollar as the same is now current, and to contain 371 grains and four-sixteenth parts of a grain of pure * * * silver.

Hamilton did not recommend that either gold or silver should be the standard. He did, however, recommend the ratio of the two metals should be 1 to 15.

Just what was the intended meaning of the word "regulate" in the phrase "regulate the value thereof" in the Constitution? Certainly there can be no question of what Hamilton and Congress thought it meant. In his report to Congress Hamilton used the word "regulate" in one of its forms about 22 times. In the first Coinage Act the words appear in the heading, "Establishing of a mint and regulating coins of the United States." It appears again in the marginal index in relation to section 12 as "standard for gold coin and alloy, how to be regulated," and again in section 13, "standard for silver coins; alloy, how to be regulated."

In each and every instance the term clearly referred to determining the amount and kind of alloy to be used in the coins, or the fineness of the gold coins and the silver coins, or the different weights and denominations of the coins to be struck, or the ratio at which gold and silver should pass current, and so forth.

In only one instance have I been able to find the term used in connection with the word "alteration," which is in a letter to Thomas Jefferson by Hamilton. This letter apparently refers to a recommendation by Jefferson that the dollar should contain 371.262 grains of fine silver, whereas the Spanish milled dollar which Hamilton was recommending contained 371.25 grains. This was a difference of only twelve thousandths of a grain. When it is considered that numerous foreign coins of different weights and values were in circulation throughout the Colonies and the other parts, that a uniform standard unit was sought to be recognized, this shows how exceedingly important the founders of our Nation thought it to be to find what the standard unit of value actually was and leave it undisturbed.

Thomas Jefferson in his "Notes on the establishment of a money mint and of a coinage for the United States" said:

Let the money unit or dollar contain eleven-twelfths of an ounce of pure silver. * * * This, with the twelfth of alloy already established, will make the dollar or unit, of the weight of an ounce, or a cubic inch of rainwater, exactly. * * * Measures, weights, and coins, thus referred to standards unchangeable in their nature * * * will themselves be unchangeable.

With reference to Alexander Hamilton's report Jefferson said further:

Should it be thought, however, that Congress may reduce the value of the dollar, I should be for adopting for our unit, instead

of the dollar, either 1 ounce of pure silver, or 1 ounce of standard silver, so as to keep the unit of money a part of the system of measures, weights, and coins.

Could anything possibly be clearer than this?

Nowhere can be found even a hint of any thought in the minds of those connected with the writing of the Constitution and the first Coinage Act that Congress should have authority to alter the standard unit of value. Assuredly, if there was one thing more than any other the framers of the Constitution meant to make clear, it was that Congress should not have authority to fix the prices of commodities, for that is the antithesis of democracy. The Revolutionary War was fought to make the American people free from government, not to enslave them to it.

To argue that Congress has the authority to alter the standard unit of value, is to argue that there should be no standard unit of value. How could there be a standard unit of value if it could be altered at each and every session of Congress? There could be none, of course.

The contention of those who claim "regulate the value thereof" means that Congress may change the content of the gold dollar finally amounts to nothing less than that they believe all prices of all commodities should be fixed by Congress.

Recardo, in the House of Commons in 1819, in the debate on the resumption of specie payment, said:

One principle was clear, it was of the utmost importance in the consideration of this subject, it was this, that those who had the power of regulating the quantity of the circulating medium of the country had the power of regulating the rate of the exchanges and the price of every commodity.

The Constitution also authorized Congress to "fix the standard of weights and measures." Why have not the advocates of Government price fixing jumped onto the word "fix" and interpreted it to mean that Congress has authority at every session to change the number of pounds in a bushel of wheat or the number of inches in a yard? They would not consciously think of advocating this. Nevertheless, this is precisely what they do advocate in their contention that Congress has the right to reduce the amount of gold in the dollar at every session of Congress. The effect upon the price of wheat would be precisely the same whether 30 pounds were made a bushel or the purchasing power of the dollar cut in two.

Furthermore, Congress is explicitly forbidden by the Constitution to issue legal tender. Though the courts have ruled otherwise, the fact remains.

The Constitution contains the following specific injunction:

No State shall * * * emit bills of credit, make anything but gold and silver coin a tender in payment of debts.

This has been corrupted by the advocates of legal tender to mean that the prohibition is placed only upon the States, not upon the Federal Government; that therefore the latter has the right to issue legal tender. But the Constitution leaves it to the States to write their own contract laws. Being forbidden to make anything but gold and silver coin a tender, State governments were forced to make all their contract laws so as to give full effect to this specific prohibition. How possibly could the Federal Government enjoin the States from making anything but gold and silver coin a tender in payment of debts, and at the same time be permitted to issue legal-tender currency which the States would be forced to use?

If further proof should be needed, the debates of the Convention as recorded by Madison in his Journal of Constitutional Convention should supply that.

The writers of the Constitution intended to forestall or prevent any possible interpretation that anything else but gold and silver coin should ever be recognized by any of our governmental divisions as legal tender.

One of the drafts contained a provision giving authority to Congress to "emit bills of credit." Gouverneur Morris moved to strike those words out. Mr. Butler seconded the motion. The vote stood—ayes 9, nays 2. Nor is there any

question that they knew exactly what they were doing, as the debate clearly shows. Quoting from Madison's journal:

Mr. Langdon had rather reject the whole plan than retain the three words "and emit bills."

Mr. Read thought the words—

if not struck out, would be as alarming as the mark of the beast in Revelations.

What possibly could be more certain than the framers of the Constitution intended to place an unqualified prohibition upon Congress to issue legal tender?

It is a plain violation of the Constitution for Congress to debase the gold dollar by reducing its weight.

Certainly the Constitution did not mean that Congress should have authority to make gold illegal tender, and to make it a crime for a citizen to use it.

The foremost problem of the United States now is to re-establish the standard unit of value—gold.

LAY-OFF OF RELIEF WORKERS

Mr. JOHNSON of Indiana. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. JOHNSON of Indiana. Mr. Speaker, I want to discuss the recent wholesale lay-off of relief workers by the Works Progress Administration.

This lay-off was unnecessary and uncalled for. It was one of the most cruel things the administration could do, bringing misery, suffering, and grief uselessly upon thousands of our citizens. W. P. A. had on hand sufficient money to continue employment without these lay-offs. Colonel Harrington on March 15, 1939, testified before the Appropriations Committee:

There will be on April 1 sufficient funds to provide employment for 6,600,000 persons for 1 month; that is, 6,600,000 man-months of employment at our present cost.

This was sufficient to employ 3,000,000 on W. P. A. through the first week of June. Since that time Congress has appropriated \$100,000,000 for W. P. A. More money has been appropriated for the fiscal year for W. P. A. than in any previous year, the amounts being as follows: \$1,357,689,880 for the fiscal year of 1935; \$1,817,231,835 for 1936; \$1,476,734,036 for 1937; and \$2,163,868,406 for 1938.

It seems that those in control must have picked out persons with large families and those with only one member of a family employed when selecting those to dismiss. I will refer to only a few of the many letters I have received in the last few days. One writes me as follows—I will eliminate names:

"It is as great a graft as Phillip Musica—a Mr. ——— was sent a card on the 15th of February and told to report on a road the following Monday—he owns and operates a 25-acre farm—just he and his wife—he has a good team, cows, hogs, and the finest flock of Barred Rock chicks in Indiana; out of debt and money in bank. He claims he is ashamed to take the work, but ———, ———, ———, and many other good Democrat farmers have been on for some time, and why not me. I said, 'I don't blame you; if they are handing it out that easily, go to it.' I don't know how many have been put on; we hear of new ones every day, and we hear of several Republicans being turned down. A Republican lost all of both wheat and corn last year but he was refused work. The flood sniped him clean; these Republican flood victims, very few of them seemed to get on. Mr. ———, I've been told, was up to the ——— and told Mr. ——— he must have work. Mr. ——— told him there wasn't any place for him, as, of course, he would want office work; but he talked it over with his assistant, so he said we'll just create a job; so he is moping around the office drawing \$125 per month. This was told us by a good Democrat, and he had plenty to say against Mr. ——— relative to the graft that's taking place; he said we should storm Washington with appeals asking that W. P. A. should be investigated and protest against those who are carrying on a successful business being on relief.

There is a man in ——— by the name of ——— whose wife works in ——— office drawing a good salary; he operates the grocery, paying a woman \$1 per day to look after it, and he works on W. P. A.

Another man writes me as follows:

Should it have been necessary to have laid off a portion of those employed this could have been done without hitting those who

have no other means of income, in other words, those who have other members of their families working—some with \$200 per month income, others \$15 per week, wife working in private industry and husband on W. P. A., son and daughter working and father on W. P. A. Son in C. C. C. camp, daughter in private industry, father as timekeeper and holding a paid political position, owner or part owner of grocery store and holding a timekeeping job on W. P. A. Here on ——— Street project they have two superintendents, three foremen and three timekeepers (of course one of the timekeepers acts as nursemaid part of the time), with approximately 132 men. Father and son working in mine, another son in C. C. C., another son on W. P. A., living in one house and eating at same table.

Another letter says:

I have tried to get on W. P. A. but there seems to be no room. Yet men without families and with income from other sources, too, are working on W. P. A. Two men here have and operate a tavern, and pay a girl \$5 a week to run it for them during the day, while they are working on W. P. A. relief.

Another letter reads:

On March 30 I was dismissed from the W. P. A. which leaves my mother, my wife, my young brother, and myself destitute. I personally can name you numerous persons who were retained on the W. P. A. who have large farms and others who are well off financially. These persons were retained on the pay roll. Several of the persons have no dependents. I have a friend whose wife is treasurer of a large meat-packing plant here, who is retained at a nice salary. Of course I realize this is political graft and corruption. Now, Noble, don't you think that conditions like this are a damned outrage to the principles of American democracy? Let's do something for the forgotten man. I served in the World War and I and my three brothers will fight in the coming war, so please do all you can to give us a break in our present family emergency.

Another letter says:

I am a W. P. A. worker, 59 years, and got laid off. Sixty percent in my township. They are keeping farmers and single men and they even have farmers on that have plenty and men with boys in C. C. C. camps.

Another letter reads:

I am writing to you concerning the recent W. P. A. lay-off. I was laid off with a family while single men are kept working. The single men that have no dependents, that drink and gamble up every penny they make, are never laid off. Some men are getting \$75 to \$85 a month to teach boys wood art. I would like to know what the school boards pay the manual-training teachers for. They pay big wages to recreation supervisors, publicity agents, foremen, and timekeepers. If all the men and women are on the W. P. A. why not give them all the same wages? There have been others laid off with families the same as I. Would you tell me why they pick on the poor man?

Another letter says:

I would like to see a congressional investigation as to conditions on the W. P. A. in Vigo County. I would like to see this investigation carried out as it should be; not interview the county W. P. A. officials, but call on the worker, timekeepers, and foremen, certified and uncertified. The custom is to lay off the certified and not the uncertified. Also, why is it that the jobs that pay anything over \$75 a month are held by noncertified men? Is there not any relief men able to hold or fill these jobs? I would like to see an investigation as to why it is that a Democrat is given preference over a Republican. If it can be arranged to have a real investigation in Vigo County, there will be no lack of witnesses to go before the committee. I hope you will turn this letter over to any congressional committee where it will be considered and acted upon.

Another writes:

Up until last Friday I was a P. W. A. worker working under a Mr. ——— on the city streets project in ——— city. This Mr. ———, who is continuously drunk and borrowing money from the men on the job to buy whisky, is the cause of my dismissal. I say borrow money; I really mean he gets it and never pays it back, and for favors to certain men on the job and through the fear of the men losing their jobs. This man has had five men sawing trees along ——— Road to cord the wood and sell and to split up for fence posts and mine props; collecting the money for favors to private property holders for such work as graveling their private drives, filling up their back yard, etc., and all the men drunk on the job; those who won't furnish the dimes, quarters, halves, and dollars to keep him drunk are sent home for drinking, and others are allowed to sleep their time out in cars and trucks. Last Friday I refused to loan him money. He said, "Tomorrow is your last day." I thereby asked him if a person had to buy this relief work, and so I laid off and went up to headquarters to see Mr. Byrnes, who is county supervisor. He was not in, so I wrote him a letter which remains unanswered; and Saturday morning I received through the mail a 403 dismissal slip. Such a condition existing here and perhaps elsewhere is a disgrace and insult to men who want to work to provide for a home.

Another man writes:

I have a family, and my wife is pregnant, and I need work real soon, as my babies are now underfed. Just because I am a Republican the office in Lafayette, Ind., has refused to re-place me back on relief rolls of the W. P. A. I am an ex-service man.

Another man says:

I am a married man with a family to support, and I cannot find a job nowhere, and the loan company is going to take everything I have unless I can get help from somewhere very soon, and my other debts are pushing me also. There are single men working on W. P. A. who have no one to support but themselves.

Another letter states:

This lay-off was 31 married men and 2 single men.

Another man writes:

I am a married man; there are six in our family, with rent to pay and all our food to buy. Our four children are in school. I was laid off April 3, along with some other men with large families and there were some single men, and men with only two, and some no children to keep at all were left on the job.

Another says:

I am now laid off on account of short funds. I need the work very, very bad as we had to give our home up on account we had no money to pay rent. I know there are some working who own their farms and are working on W. P. A.

Another writes:

They are laying off men with families and keeping farmers on that have their living.

Another says:

I am one of many laid off. I have a family of four. Next to me is Mr. — single owns own home has a son working, stays at home with him, bought a new car yesterday. Since he has been on relief has bought new electric washer, had house wired, moved other son's house on other half of his acre, and bought a new car yesterday. There is Mr. — and — and — works extra, gets three and four. sometimes five shifts at the paper mill, holds their jobs on W. P. A. I used to be boss at — factory until it went down; there is my boss, Mr. —, has a farm, hires another to do farm work, he is boss on my project. Also Mr. — owns farm, and Mr. — is boss on another job has a modern home, got a new 1939 car. Same thing at the sewing room. I have a friend works up there. There is Mr. —, single, stays at home has a truck, he does work on his father's farm, Mr. —'s farm, besides his own farm; he brags about the easy money he makes, and Mr. — farms his father's farm, is timekeeper on this work, has several girls working, one at the — factory, in the office.

I could go on indefinitely citing similar letters. The fact seems to be that the noncertified, high-salaried employees were not laid off.

I wrote the Works Progress Administration officials protesting this unwarranted and unreasonable lay-off of these deserving men, and much to my surprise received a reply advising, "the relative need basis that you referred to was not considered in these reductions * * * the selection of the people for these reductions was made in the district office by the employment staff composed mostly of young ladies who did not know whether a man was white or black, married or single, or any other circumstances about him * * *." Just think, people laid off of W. P. A. without the question of need even being considered, when, as a matter of fact, relief work was started and has been maintained for the sole purpose of providing for those who are in need. It is very queer that the young ladies in the district office, when selecting those to be laid off managed to avoid laying off any of the nonrelief workers.

I also want to call attention to section 19 of Administrative Order No. 65 of the Works Progress Administration:

SEC. 19. Preference in employment on projects shall be given in the following order:

(a) Veterans of the World War and the Spanish War and veterans of any campaign or expedition in which the United States has engaged who are in need and are American citizens.

It will be noted that in making this wholesale lay-off and according to the statement of W. P. A. officials, no consideration whatever was given to the preference provided for by the Works Progress Administration Executive Order No. 65, but the lay-off was made in violation of that order and without being based upon the question of need, which is the sole basis of the very existence of W. P. A.

It makes a sorrowful picture when the W. P. A. will lay off thousands of needy workmen with large families and at the same time expend about \$300,000 for a world's fair exhibit, which will probably cost a million dollars before the fair is over, and when the fair is over they are going to make a gift of the building to the city of New York, and the city of New York has not contributed one penny toward this project.

They maintain traveling exhibits: The theater project with 670 nonsecurity workers employed, 25 of whom receive in excess of \$250 a month; the Federal art project, which cost \$19,000,000 to operate for a period of 6 months; the historical records project; the W. P. A. press section, employing 11 persons, with salaries running from \$1,440 per year for a messenger to \$5,600 per year, costing total of \$43,240 per month; the information division, costing about \$13,000 per month. The writers project, providing some volumes in foreign languages, the head of which has advocated that prisoners should organize and form a union for the defense of their rights, and to quote him exactly, "I look forward to the time when every convict inside or outside of jail will have his union card." This man went on this writers project in March 1934 at a salary of \$3,600 per year, salary was raised to \$4,000 in 1935, and again to \$5,000 in the same year. In 1936 to \$6,000 and again in 1936 to \$7,200.

W. P. A. carried a total of about 34,500 general administrative and general project supervisory employees, of which about 32,600 are in the field offices and 1,900 in the Washington, D. C., offices.

It has been shown that W. P. A. has 27,479 general administrative employees—that 1,308 of these employees receive salaries in excess of \$3,000 per year; that 397 receive salaries over \$4,000 per year; that 104 receive salaries of over \$5,000; 79 receive salaries of over \$6,000 a year; 10 receive salaries of over \$7,000 per year; 7 receive salaries of over \$8,000 per year; 5 receive salaries of over \$9,000 a year; the highest salary being that of the Administrator at \$12,000 a year.

The Works Progress Administration has a total of 8,646 general administrative project supervisory employees, 316 of whom receive more than \$3,600 per year, 22 more than \$4,000 per year, 6 more than \$5,000 per year, and 1 received more than \$6,000 per year.

On the Federal Theater Project there are 24 receiving salaries of more than \$3,200, the top salary is \$7,200 per year.

Total number W. P. A. general administrative employees, by Executive-order salary grades, central office, was 2,169 with an annual average salary grade of \$2,242, these annual salaries running from \$1,063 to \$9,917, with a total of 27,479 employees.

The Works Progress Administration general administrative employees, by Executive order salary grades, State and local offices, show 25,310 persons employed, with average salaries running from \$784 per year to 1,247 employees, to as high as an average of \$7,591 for 11 employees.

It is plain and apparent that politics has been very much in W. P. A. Just previous to the 1936 election the relief rolls in Indiana were loaded and the number on relief work was greatly increased. Right after the election they began laying off until they reached a low of 40,000 in 1937. By April 2, 1938, this number had increased to 84,931 and it was increased gradually until on October 29, 1938, just before the election, a total of 101,374 were employed on W. P. A. By December 17, 1938, following the election, this number had been reduced to 91,811, and by December 31, 1938, it had been reduced to 84,704; by January 14, 1939, to 83,159; and January 28, 1939, to 82,545.

Many of those laid off immediately following the election were told that it was because they voted wrong.

The administrative expense for W. P. A. and N. Y. A. for July 1938 was \$4,450,384.31; for August 1938, \$6,657,578.01; September 1938, \$6,168,562.58; October 1938, \$5,941,677.34; November 1938, \$6,161,144.32; December 1938, \$6,748,509.96.

W. P. A. has been spending on the average of \$150,000 each month for communication service and about \$500,000 per month for travel expenses.

Some people have fared very well through W. P. A. as is shown by the case of a young man who went direct from

college into W. P. A. employment at \$2,000 per year, and has had his salary raised gradually until now he is drawing \$7,500 a year, and on April 8 the Washington Star printed a picture of the fine house he has recently purchased.

I hope this session of Congress will enact legislation which will take politics completely out of W. P. A. and will cause all money appropriated for relief to be expended only for relief. We should have a complete and thorough investigation of this entire relief set-up. Not an investigation such as is made by W. P. A., where the investigation seems to consist of interviewing the bosses, but one where the men working on the projects and those who have been released from work are interviewed and given an opportunity to tell the real facts concerning W. P. A. administration without fear of being discharged on account of having told the truth.

Any person working on relief should not be paid exorbitant salaries. There is too much money vested on "white collar" projects and too many people employed who do not need relief. Timekeepers, bosses, supervisors, and so forth, should be taken from the relief rolls and not from the political rolls. There are thousands of highly educated men who are well qualified to fill any position in the entire relief set-up, who need relief work, and they should be employed to fill those positions.

I am in favor of continuing relief work as long as it is needed, but I shall insist that this waste and useless expenditure, the payment of exorbitant salaries, and employment of nonrelief persons on relief projects be stopped; that Congress listen to reason, stop this political bickering, study the problems confronting the country, and enact legislation which will prevent such abuses in regard to relief; and that Congress will enact legislation which will give the American market to the American producer, restore confidence, and bring about a condition where those working on relief and those who are unemployed will be able to secure regular employment at regular American wages, thus making relief work unnecessary.

Col. F. C. Harrington, Administrator of the Works Progress Administration, before the Appropriations Committee, said on March 15, 1939:

From January 1938 to date unemployment has been greater than in any period since W. P. A. started.

This shows that we have more unemployment today than at any time since relief work started. However well intended has been the administration's policies, they have failed to produce good results. Each day its failures increase and the administration becomes more confused as to the proper solution of our problems. We cannot continue to go on forever as we have been going during the past 6 years, during which time our national debt has doubled, agricultural problems have not been solved, business and industry are in a bad condition, and relief funds being diverted from their rightful use.

Congress should cease granting its powers to the President and to bureaus and commissions, should repeal the laws granting these powers to the President and various bureaus and commissions, and assume its full responsibilities of legislating in the interest of the American people and solve the problems confronting the Nation so that we may again have a prosperous and happy people.

EXTENSION OF REMARKS

Mr. SCHIFFLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an editorial from the West Virginian.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an editorial appearing in the Muncie Evening Press, of Muncie, Ind., of April 18, 1939, on the T. V. A.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GAMBLE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record, and to include therein a short editorial appearing in this morning's New York Times.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BENDER asked and was given permission to revise and extend his own remarks in the Record.

DOLLAR DEVALUATION

Mr. THILL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. THILL. Mr. Speaker, the proclaimed purpose of the monetary-control policy of the President was to raise prices to the 1926 level and thereafter attain price stabilization. Booms and depressions were to be eliminated. During the past 5 years while the New Deal monetary policy has been in operation, commodity and security prices have not followed the promised pattern. The program was a failure. In January 1934 the gold content of the dollar was reduced to 59.06 percent of its former value. It was asserted that a corresponding rise in commodity and security prices would be brought about by establishing the dollar price of gold at \$35 an ounce. And yet, at the peak point during the past 5 years, prices increased to only approximately 20 percent of the goal set by this administration. And this increase, small in comparison with the glorious and bombastic promises of the New Deal, was brought about by such normal recovery forces as were permitted to operate, plus crop failures and other factors.

When the dollar was devalued the mint price of gold was raised from \$20.67 to \$35 an ounce. By a decree the Government compelled American citizens to give up privately owned gold holdings at the rate of \$20.67 an ounce. The Government, of course, made a substantial paper profit on this transaction. Since that time we have been buying gold from foreign citizens at \$35 an ounce. From January 1934 to the present day our gold supply has risen tremendously, from \$6,800,000,000 to over \$15,000,000,000.

This gold, which at the present time amounts to approximately 60 percent of the world's supply, lies buried in Fort Knox, Ky. How much longer will we continue our present monetary policy, which subsidizes foreign interests?

The power of the President to change the gold content of the dollar has a disturbing effect upon business. Long-term purchase, investment and loan contracts will not be made if it is realized that the value of the dollar may be changed without notice at the whim and caprice of the President. Stable recovery can never be attained until business feels free to make long-term contracts with a certainty of the value in which these agreements will be paid in the future. Business will never have this assurance so long as the President at his will has the power to change the gold content of the dollar.

EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include a brief editorial from the Indiana Hoosier Farmer.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CONSTRUCTION OF PUBLIC WORKS BY THE NAVY

Mr. VINSON of Georgia. Mr. Speaker, I am directed by the Committee on Naval Affairs to ask unanimous consent to call up the bill (H. R. 4278) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes, with Senate amendments and agree to the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 1, after "\$5,850,000," insert "Jacksonville, Fla., and Banana River, Fla., \$17,000,000."

Page 2, line 4, after "Act," insert "Quonset Point, R. I., \$1,000,000 for acquiring privately owned land."

Page 2, line 6, strike out "\$47,000,000" and insert "\$65,000,000."

Page 2, line 12, strike out "\$47,000,000" and insert "\$65,000,000."

Page 2, line 23, after "station," insert "and title in fee simple to land or other realty from the State of Rhode Island at or in the vicinity of Quonset Point, R. I., to be used as a naval base."

Page 3, line 4, after "defense," insert "and providing that in the opinion of the Secretary of the Navy the existing facilities of the Naval Establishment are inadequate."

Page 3, line 9, after "project," insert "or the construction of any naval vessel, aircraft, or part thereof."

Mr. MARTIN of Massachusetts. I understand the amendments have all been approved by the naval high command and also by the gentleman's committee.

Mr. VINSON of Georgia. The gentleman is correct. Each one of these amendments has been discussed in the Naval Affairs Committee at various times, and by a majority vote Jacksonville, Fla., was agreed to as the southeastern base. There was no objection to the agreement as to Quonset Point. There was no objection, so far as the committee is concerned, to any one of these amendments. They are all a part of the Hepburn Board report.

The SPEAKER. The question is on agreeing to the Senate amendments.

The Senate amendments were agreed to, and a motion to reconsider was laid on the table.

FLOOD CONTROL IN NEW ENGLAND

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute to make an announcement.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, I rise to announce a revival of righteousness in the Legislature of Vermont. Some time ago the legislature of that State, under the pressure of the Governor and the power interests and other opponents of the present national administration, passed a bill authorizing the Governor to spend \$67,000 opposing the national administration's flood-control program in New England. The other day the appropriation bill to provide this money came before the House of Representatives of Vermont, which very wisely and promptly voted it down.

I sincerely trust that that proceeding will be followed by the Senate of Vermont. There is no State in the world in which I would rather see such a movement take place than in Vermont, and I say that without political preference.

The SPEAKER. The time of the gentleman from Mississippi has expired.

THE STABILIZATION FUND AND ALTERATION OF THE WEIGHT OF THE DOLLAR

Mr. SOMERS of New York. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and the alteration of the weight of the dollar may be exercised.

The SPEAKER. The question is on the motion of the gentleman from New York that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 3325.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the stabilization-fund bill, with Mr. McCormack in the chair.

The Clerk reported the title of the bill.

Mr. SOMERS of New York. Mr. Chairman, I yield 20 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, in his speech in the House Tuesday on the pending bill, the gentleman from New York [Mr. SOMERS], chairman of the Committee on Coinage, Weights, and Measures, made the best presentation, in my judgment, of the monetary legislation of this administration that I have heard in the last 6 years. It ought to be a matter of pride to the Members of Congress, whether they agree with a Member's views or not, that they have as chairmen of their important committees men who

can so ably expound, explain, and defend the important legislation committed to their care. [Applause.] Nor was his performance detracted from by the fact that he frankly admitted that he does not know all that there is to be known about the money question.

Will Rogers once said there were two classes of crazy people in the world—those who are locked up in insane asylums and those who think they know all about the money question. The monetary powers in the gold and silver laws now on the statutes are vested in the President of the United States. It is proposed in the pending bill to extend these powers until June 15, 1941, the expiration date of the present administration. If every Member who does not clearly understand these laws and does not clearly know the use that has been made of the powers therein granted, and is not clear in his own mind as to the effect of terminating these laws, will vote for the pending bill to continue these laws, the bill will have votes to burn. That will include me.

This statement is no reflection on the intelligence of Congress. These laws creating the stabilization fund and establishing the gold and silver purchase policies are in the hands of a department created for the special purpose of administering the monetary laws of the Nation. These laws are in the hands of experts, career men, whose whole lives have been devoted to the study and administration of monetary laws. That is their sole business. Over against that we set a few score Members of the House of Representatives, who are harried and harassed by a hundred other questions, and a few hours debate, largely partisan, to determine whether these laws shall lapse when the responsible administrative authorities are asking for their continuance.

That is the exact situation. We should know clearly what we are doing, or we should do nothing.

The main trouble about the money question is that it has become overlaid, submerged, and practically shoved out of the picture in Congress by the multitude of things demanding immediate consideration. It has become an almost academic question. I believe that if the ablest man on the money question in the country were to get up in the House and make a speech on it, while the Members might listen attentively and consider it very informative, they would immediately rush out on a multitude of immediate little things which are constantly driving them in a circle, like squirrels in a cage, and forget it. The "horse and buggy" days of money is past. It has become a vast and complex question, ramifying the world.

To begin with, let us see what monetary laws we are dealing with and what specific things will be affected by the pending bill.

This bill extends certain Presidential monetary powers until June 15, 1941. These powers are in section 10 and section 12 of the Gold Reserve Act of 1934. The Gold Reserve Act is permanent legislation, but section 10, creating the stabilization fund, and section 12, giving the President power to change the content of the gold dollar and to fix the price of domestically minded silver, are temporary legislation, deriving from the Thomas amendment to the Agricultural Act of 1933. The time limit on these three powers is June 30, 1939.

The Silver Purchase Act of 1934—June 19—under which foreign silver is purchased, and fixing of the ratio of gold and silver in the Treasury, and the issuance of silver certificates against the silver, is not involved in the pending bill. This is noted in the minority report. So do not vote against the bill thinking you are knocking out foreign silver. You are knocking out domestic silver.

To make that perfectly clear I quote from the Secretary of the Treasury his exact words before the Senate Silver Committee recently as follows. Secretary Morgenthau said:

Under the Silver Purchase Act of 1934 we are buying foreign silver, and, on the other hand, the President's proclamation in regard to domestic silver is under what we call the Thomas amendment to the Agricultural Act of 1933. The President's power, as it affects the revaluation of gold is under what we call the Thomas amendment, but, on the other hand, our purchases of foreign silver are under the act of 1934.

And the act of 1934 is not affected by this legislation. Only the stabilization fund and the devaluation of the dollar and the domestic silver policy is here included. I shall not deal with the stabilization fund. That has been done by the gentleman from New York [Mr. SOMERS], to borrow an old phrase, far above my poor powers to add or detract.

The fund is there, \$2,000,000,000 in gold. It is performing the function of stabilizing the exchange value of the dollar. The chief complaint is regarding secrecy in the administration of the fund, or rather of the \$200,000,000 which is kept active. The complainants feel that it ought to operate on the town-hall or open-forum plan, with an international hook-up, so that speculators in foreign exchange and our friends abroad will be kept advised to the minute, as in the case of our other international affairs. The Treasury does not agree with this view, and neither do I.

It is said that no man understands money; but there are some facts established that may enable the layman—and I am a layman—to make up his mind whether he wants to kill this legislation and restore the monetary conditions which prevailed prior to it or leave it in the hands of the responsible authorities to continue under these laws for 2 years more. That is the situation. I shall note each fact separately and as simply as possible.

Under his powers in the Thomas amendment, as amended by the Gold Reserve Act, the President reduced the content of the dollar about 41 percent. This is where we get the alleged 59-cent dollar, concerning which we have heard so many fulminations on this floor, well summed up on the floor last week by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]. If I seem to especially honor our genial and likable friend, Mr. AUGUST H. ANDRESEN, with a place in my remarks, it will be because he is next ranking minority member of the Committee on Coinage, handling the bill, and has frequently discussed these monetary policies on the floor, and particularly as they affect agriculture, voicing, as he understands it, the interest of the farmers, and voicing the opinions of his party.

In his discussion of the pending bill last week, the gentleman from Minnesota said that "instead of increasing exports and raising prices on farm products in this country, exports declined, imports increased, and prices today are the lowest in history when you consider the purchasing power of a 59-cent dollar."

The first thing I want to note about the 59-cent dollar is that the Republican Party in its national platform of 1936 tacitly endorsed it. The platform declaration reads:

We oppose further devaluation of the dollar.

They did not denounce the 41-percent reduction in the dollar, and did not promise to restore it to a 100-cent dollar. They contented themselves with a mere declaration against a further reduction, and when they did that they impliedly approved the reduction already made. There was no condemnation of the 59-cent dollar in the Republican national platform, just as there was no condemnation of the repeal of the gold-payment clause, so often denounced on the floor as an act of national dishonor and perfidy. The minority report on \$35 gold is very interesting. It reads:

The minority members of the committee believe that the present price of gold should remain at \$35 per ounce until and unless Congress should, at some time, by appropriate legislation, decree otherwise.

The minority report further says:

There should be no devaluations in the future.

That ought to make it unanimous as to what has been done down to now. So why all this fuss in Congress about \$35 gold and cutting the gold dollar 41 percent? We may take it as an established fact in this controversy that the Republican Party approves the action of the administration in fixing the gold price at \$35 and in reducing the content of the dollar, measured in gold, 41 percent.

But the argument for these policies does not end here. The record is further that when Roosevelt came in the dollar in purchasing power was worth \$1.75. The commodity price index in 1926 shows that the dollar was worth \$1.75 in all

other values. The dollar was the only thing that was worth anything. And the record is that the lowest value the dollar has reached since 1933 was \$1.14 in 1937, the only year in which we have approached either prosperity or parity prices since 1929. And today the American dollar is worth \$1.30 on the 1926 commodity price index. This means that the dollar is still worth more than anything else, and as long as a dollar is worth a cent more than the things it buys it is a dear dollar.

During the debate last week about the 59-cent dollar I made the statement that it was my understanding we have a \$2 dollar measured in farm products. Since then I have secured from the Bureau of Labor Statistics some figures giving the market prices on wheat, cotton, corn, and hogs in March 1926 and March 1939 showing the average prices on those commodities to be just about double in 1926 over 1939, and I shall insert this brief table at this point. It ought to dispose of the 59-cent dollar as a reason for defeating the pending bill.

Comparison of commodity prices for 1926 and 1939

Commodity and market	Grade or variety	Price averages		Unit
		March 1939	Average 1926	
Wheat:				
Minneapolis....	No. 2, Dark Northern Spring.	\$0.773	\$1.555	Bushels.
Portland.....	Hard White.....	.69	1.436	Do.
St. Louis.....	No. 2 Red Winter, Soft....	.736	1.555	Do.
Cotton:				
Galveston.....	Upland, Midland, Spot....	.086	.17	Pounds.
New York.....	do.....	.09	.175	Do.
Corn:				
Chicago.....	No. 2, Yellow.....	.485	.773	Bushels.
Do.....	No. 3, Yellow.....	.477	.748	Do.
Hogs: Chicago.....	Heavy Butchers', Good to Choice.	7.30	12.336	Hundred-weight.

The fact is the American dollar is the dearest dollar in the world today, and the safest dollar, a condition which sheds a lot of light on the phenomenon of the gold of the world continuing to flow into the United States. The world, in effect, says that the United States is the safest place in the world to have money. To what country on earth would you want our gold shipped for safekeeping?

The value of the dollar in purchasing power in 1933, \$1.75, based on gold at \$20.67 an ounce, ties into and is a part of the fixing of the gold price by the President at \$35 an ounce. The gentleman from Minnesota stated in his remarks, and repeated, that the difference between the mint price of \$20.67 per ounce and the price of \$35 an ounce, fixed by the President was a pure gift, a straight subsidy to the gold producers of the world. In his exact words:

The United States Treasury subsidized foreign gold speculators and foreign governments \$14.33 an ounce on all gold shipped into this country.

In another place he stated:

That amount of subsidy, as I call it, is paid to foreign gold vendors and for newly mined gold in this country.

He proposed that this \$14.33 subsidy be impounded in the Treasury to be expended by the seller of the gold in the purchase of American commodities.

Now, what are the facts? The facts are that before Roosevelt fixed the price of gold at \$35 an ounce it was ranging between \$33 and \$34 an ounce in the markets of the world.

It has at times since then exceeded \$35 an ounce. Not long since gold went above \$35 in Belgium, which claims the distinction, I believe, of being the only gold-standard country in the world, but is now about to fall off. That disposes completely of the subsidy. There is no such thing as a subsidy of \$14.33 on gold to be applied to the purchase of American commodities, or anything else.

And for good measure, may I recall your attention to the fact that in January 1934, which was prior to the passage of the Gold Reserve Act, which became law on January 30, 1934, the Reconstruction Finance Corporation, from January 2 to January 15, paid \$34.06 per ounce for gold,

and that from January 16 to January 31 the Federal Reserve Board paid \$34.45 per ounce. This was necessary to stop the outflow of our gold into the higher gold market of the world.

The record is further that more than a year and a half before Roosevelt cut the gold content 41 percent, England had gone off gold, had taken the pound sterling off gold, and the pound sterling had already declined from its historic place around \$4.85 to around \$3.35 in gold. This means that before Roosevelt cut the dollar 41 percent England had cut the pound 41 percent. Roosevelt only put the dollar down in this country to where it had been down in England for a year and a half. France had devalued the franc 80 percent, and the money in Italy, Germany, and Russia was worth less than that. Now, what did this mean? It meant that the United States stood on a peak of high-dollar valuation against the cheap moneys of the world. The United States could not compete in the world markets or even in its own markets against those cheap moneys. It had to reduce the dollar to where it could compete with the cheap moneys of the world, or go out of business at home and abroad.

And today, in spite, if you will, of the devaluation of the dollar, of the repeal of the gold-payment clause in \$100,000,000,000 of debts, public and private, and of the Silver Purchase Act, the American dollar is still the soundest and dearest dollar in the world. Even if there had been no legislation by Congress the United States would have had to pay practically the same price for gold it is now paying, or lose all of its gold. The United States simply recognized a world condition and trend and met it.

Some gentlemen on the other side asked yesterday about this, and they said, "You have got the stabilization fund. Is that not enough to stabilize your foreign exchange?" No. That is just half of the program. The other half is to be able to change the value of the dollar.

In that connection I shall ask leave to extend as a part of my remarks a letter that I received this morning from the American Farm Bureau Federation. I believe I will read a paragraph or two of it at this point. The man who wrote this letter can beat me all to pieces when it comes to stating explicitly why the Executive power to devalue the dollar should be continued and why we should not return to the gold standard. This is what the American Farm Bureau Federation letter of April 19 says.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. SOMERS of New York. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. MARTIN of Colorado. I want to read part of this letter. Just two paragraphs right here:

Practically every important nation of the world has abandoned the fixed gold standard. The executive branch of practically every nation of the world has been given the power to depreciate its currency if it so wishes and to do so without public discussion and debate. In the world today when currencies of competitor nations are in a state of constant flux it would be suicidal to tie the hands of our Government and prevent it from adjusting our currency in such a way as to protect our export markets and prevent foreign produce from being dumped into our domestic market.

If the existing power to revalue the dollar within the specified limits is not continued, it really means putting the United States back on the fixed gold standard. It means tying our dollar to a fixed gold content. We would be virtually the only country in the world that would be doing so. By tying our currency to the gold dollar while the other countries are permitted to depreciate their currencies at will, we are deliberately sacrificing the one weapon which prevents foreign countries from actually carrying out the depreciation of their currencies. We would be giving up the one weapon which would restrain these competing nations from getting a competitive advantage in the agricultural and industrial markets of the world.

I presume no gentleman will claim there is any politics in this letter. I hope before you vote on this bill every one of you will read it.

It is the voice not only of one farm organization but of all farm organizations. It is the voice of the farmers of this Nation. It is almost incredible to my mind that a man representing a great western farm State would sign his name to the minority report on this bill, which declares, in these

words, "we should return to the gold standard." He is the only man west of the Ohio on the Committee on Coinage. I know his State would vote against returning to the gold standard and would vote for the remonetization of silver overwhelmingly. I know every other western farm State would do the same thing. I do not believe the monetary doctrine set up on the minority report would carry a farm district in the United States. It is contrary to the farm philosophy of money from the beginning. The head and front of the opposition to the gold standard and for the remonetization of silver has been the American farmer.

How they have been victimized and robbed by the fixed gold standard and the fixed gold dollar is set out in cold facts and figures in the letter of the Farm Bureau. I challenge the Republican representatives of farm States and districts to refute these statements. The opposition of these representatives to this bill ought to be the paramount issue in every one of their districts. Either they would be retired from public life or the farmers of the Nation have reneged on their own faith and the faith of their fathers. Since when have the farmers of America become addicts to the Wall Street gold standard? A gold standard antisilver farm voice is a new note, and, in my judgment, a false note in American politics.

The gentleman from Minnesota also attacked the gold-and-silver-purchase legislation under these laws from another angle, from the angle of exports and imports, in which he showed a heavy balance against this country, during, and as the result of, the operation of these laws. It is interesting to note where he got his unfavorable balance. He got it wholly from gold and silver. He showed total imports during the period of \$21,174,000,000 and total exports of \$13,740,000,000, leaving a total trade balance against the United States of \$7,434,000,000. But in this total he got in a gold import balance against the United States of \$8,663,000,000, which is \$1,229,000,000 more than his total balance against the United States, however he got this arithmetic. Then he got in a silver import balance against the United States of \$929,000,000, which, added to the \$1,229,000,000 of gold excess, makes a total of \$2,158,000,000 more against the United States than his total balance of trade against the United States during the period.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I will, since I have mentioned the gentleman, but my time is very limited.

Mr. AUGUST H. ANDRESEN. The figures which I had in my table were figures from the Department of Commerce which showed imports and exports from January 1, 1934, up to February 28 of this year, and I assume that they are accurate figures from the Department. The additions are correct. It shows that the United States is a debtor Nation to foreigners to the tune of over \$7,000,000,000.

Mr. MARTIN of Colorado. I am accepting the figures as to gold and silver imports as correct, and I hope the House will at least give me additional time to finish my comment on those figures as used by the gentleman from Minnesota.

He lists gold bought by this country at the world-market price, and silver at nearly the world-market price, as making up not merely all of the balance of trade against us, but \$2,158,000,000 more than all. The gentleman attaches no value to the imports. In a table he sets out a gold import of \$8,663,000,000-odd, and a silver import of \$929,000,000, and charges them off as a total loss, notwithstanding both metals are worth practically the world market price paid for them, and we now have these stores of metal in our national wealth.

When we subtract this fictitious loss of \$9,592,000,000 from the total imports of \$21,174,681,825 for the period, it leaves a balance in our favor of \$2,157,750,233, instead of a loss of \$7,434,308,544, as shown in his table. In this way he is able to obliterate more than \$1,000,000,000 trade balance in favor of the United States in 1938, and all other trade balances in our favor during the period. The analysis of the gentleman's figures fairly raises a question as to the validity of some of his other export-import figures.

On the whole I think we may well accept the suggestion in the minority report that gold should stay "as is" until Congress at some future time in its wisdom may change it.

I want to pass now to domestic silver. Since the passage of the Thomas amendment, the Treasury has acquired 253,000,000 ounces of domestically mined silver. It purchased this silver at an average of 69½ cents an ounce, which would bring the total cost to about \$175,000,000. At the present world-market price, about 44 cents, although it has at times gone much higher, the world-market value of this silver would be \$111,000,000, making the total cost to the Treasury above the world market \$64,000,000, an average of \$13,000,000 a year.

Domestic-silver production runs about 60,000,000 ounces a year. With the world price of 44 cents, and the Treasury paying 64.64 cents, this would amount to a so-called subsidy of a fraction over 20 cents an ounce. That is less than \$13,000,000 a year to help sustain an industry which we would be fools to let languish any more than it is now.

But this silver is not costing the Treasury anything. The Treasury pays for the silver in the first place in Federal Reserve notes, then issues silver certificates against the silver and replaces the Federal Reserve notes with these silver certificates. I quote from the minority report:

The Treasury has issued sufficient silver coins and certificates to pay for the cost of the silver acquired.

Therefore the payment is only a bookkeeping transaction. There is enough silver in the Treasury to redeem all outstanding silver certificates, including those issued against foreign silver. I quote from the Secretary of the Treasury, page 15 of the hearings before the Senate Silver Committee, on February 7:

We now have more than adequate silver to back all the silver certificates outstanding. There is a dollar's worth of silver for each dollar certificate. These certificates have the same value as if issued against gold.

The Treasury takes half of this silver as seigniorage, and issues certificates up to the cost of the silver at \$1.29 an ounce, just double the purchase price. This silver coinage and currency is the only nonretireable money in existence, except \$346,000,000 in greenbacks. It cannot be withdrawn or diminished. It is non-interest-bearing money. It is the only form of money we have that is not based on national bonds or other interest-bearing debts. It is the principal circulating medium of the people. Look at the money in your pocket.

What has been said about domestic silver can largely be said of foreign silver. Under the Silver Purchase Act the Treasury has acquired 1,385,000,000 ounces of foreign silver, at an average cost of 53½ cents an ounce, which is 9½ cents above the world market price, making the total cost, above the world market price about \$210,000,000, but paid for in silver certificates. Between foreign and domestic silver we have outstanding about \$1,500,000,000 in silver certificates issued at the monetary price of \$1.29 an ounce. The interest saving on this volume of silver currency—\$1,500,000,000 at 3 percent—is \$45,000,000 a year. It seems to me that this feature of the silver policy is underemphasized. In 5 years the interest saving on this volume of silver certificates would liquidate the entire subsidy on both foreign and domestic silver. That would mean that the subsidy has already been largely liquidated by interest saving.

I can well understand why this form of money does not look good to the Wall Street bankers. They like money with the choke string of a mortgage on it. When it gets too plentiful all they have to do is to pull the string. They pulled it in 1920, enforcing an immediate tremendous liquidation and bringing on the depression of 1921. They retired \$2,000,000,000 in Federal Reserve notes, which took with it \$8,000,000,000 more of credit. They can do the same thing today, and will do it at the first signs of what they call "inflation," and they will continue to do it as long as they are permitted to control the monetary and credit systems of the country.

Of course, it is the theory of the opponents of the silver-purchase policy that silver is in the same category with

printing-press money. It is considered as basically valueless. In this connection, in contradistinction to this view, it is of interest to recall a singular thing happening after the World War, when India went from the silver rupee to the paper rupee. England, seeing the imperative need of stabilizing the rupee, went into the world market for silver, and the only place she could find silver was in the United States, and a representative of the British Government came to Washington and bought 200,000,000 silver dollars from the Treasury and shipped them to England, where they were melted down and coined into Indian rupees. In that period silver went to \$1.32 an ounce. Think of that, a demonetized metal going to \$1.32 an ounce. Since the silver purchase policy began, silver in the world market reached 87 cents an ounce. What has happened twice may happen again, especially when it relates to the needs of the world for real money.

I confess that I have indulged in speculation as to the ultimate status, not only of silver, but of gold—of the money metals. Is the world going to discard gold and silver, which have been the money of all civilizations? Is it going on a permanent managed-money basis, divorced from the metals? If I had to make one blind answer, it would be that you will eventually see a world demand for a share of this gold and silver. Another answer is that I would not sell this gold and silver at its present market price for the dollars of any country on earth.

It is my common-sense conviction, based on history, that gold and silver are still the moneys of the world. These great metal reserves are the backlogs of our monetary system. These metals, by a stroke of the pen, could be put under every dollar in existence in this country, and every dollar would have more than \$2 of gold and silver behind it at the world market price. I cannot escape the conviction that if some other country had all this gold and silver we would have a real 59-cent dollar, no matter what its face value. As the account now stands, I shall vote to let the law stand. [Applause.]

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., April 19, 1939.

To all Members of the House of Representatives:

I am writing to convey to you the support of the American Farm Bureau Federation for the extension of the President's power to change the gold content of our dollar provided for in the Somers bill, H. R. 3325, which is now under consideration by the House of Representatives. We respectfully urge your support of the continuance of the power to revalue our dollar in order to protect our currency and to safeguard our exports and our domestic markets. This is a matter of vital importance to 30,000,000 farm people.

At the last annual meeting of the federation held at New Orleans, La., December 11, 12, and 13, the voting delegates from 39 member State organizations representing through their membership approximately 1,500,000 farm people asked for the continuation of this power, pending an investigation and report on the whole monetary problem by a joint committee of Congress. A copy of the resolution is appended. Senator BANKHEAD and Representative STEAGALL have already introduced resolutions in the Senate and House which embody our recommendation for such a study; the Somers bill continuing the power to revalue the dollar embodies our other recommendation.

The power to revalue our dollar expires on June 30, 1939, unless action is taken by Congress to renew this authority. Failure to act now would be calamitous. Perhaps at no time since the close of the World War has the international situation been more unstable. It is imperative, particularly under such conditions of international insecurity, that we maintain these powers to protect our markets from the disastrous consequences of monetary manipulation and exchange fluctuations by foreign countries. Now that we are a creditor Nation with huge surpluses, especially of wheat and cotton, it is vital that we protect our export trade from adverse currency manipulation by competing nations.

Practically every important nation of the world has abandoned the fixed gold standard. The executive branch of practically every nation of the world has been given the power to depreciate its currency if it so wishes and to do so without public discussion and debate. In the world today when currencies of competitor nations are in a state of constant flux it would be suicidal to tie the hands of our Government and prevent it from adjusting our currency in such a way as to protect our export markets and prevent foreign produce from being dumped into our domestic market.

If the existing power to revalue the dollar within the specified limits is not continued it really means putting the United States back on the fixed gold standard. It means tying our dollar to a fixed gold content. We would be virtually the only country in the

world that would be doing so. By tying our currency to the gold dollar while the other countries are permitted to depreciate their currencies at will, we are deliberately sacrificing the one weapon which prevents foreign countries from actually carrying out the depreciation of their currencies. We would be giving up the one weapon which would restrain these competing nations from getting a competitive advantage in the agricultural and industrial markets of the world.

The attempt to maintain a fixed value for our gold dollar regardless of changes in our economic and monetary conditions was an important factor in bringing about the most disastrous and far-reaching depression in our history in 1929-32. Because our dollar was rigidly bound to a fixed quantity of gold and because other countries depreciated their currencies, basic commodity prices dropped almost one-half. That means we had to produce twice as much to obtain the same dollar income as in 1929. Our dollar became so dear that it could no longer serve as a fair medium of exchange for goods and services and the payment of debts. Our whole economic structure was brought to the brink of ruin.

Farmers who must exchange their commodities for dollars suffer the most from a fixed gold dollar. For example, in 1929 a farmer could exchange less than 1 bushel of wheat for a dollar, but in 1932 the farmer had to exchange 3 bushels of wheat for our gold dollar with its fixed value. Likewise, the cotton farmer who borrowed \$100 in 1929, borrowed the equivalent of one and one-sixth bales of cotton, but if he had to pay back this debt in 1932, he had to pay back the equivalent of four bales of cotton.

The abandonment of the fixed gold standard in 1933 followed by the revaluation of our dollar stopped the ruinous process of deflation and proved a major factor in starting our Nation back on the road to recovery. To abandon now the power to revalue our dollar means once more subjecting the millions of our farm people to the merciless consequences of a fixed and rigid gold standard at a time when our competitor nations can, at will, change the value of their currencies.

We have made much progress toward a managed currency which can serve as a fair medium of exchange and as a protection to the farmers of our Nation. We should go forward and not backward. We, therefore, respectfully urge the continuance of the power to revalue our dollar.

Sincerely yours,

EDWARD A. O'NEAL, President.

Resolution adopted by the annual meeting of the American Farm Bureau Federation, New Orleans, La., December 11, 12, 13, 1938

MONEY AND PRICE LEVEL

The American Farm Bureau Federation has repeatedly urged Congress to exercise its constitutional obligation to regulate the value of money by establishing and maintaining a managed currency, regulated on an index of basic commodity prices which will maintain a dollar with a constant purchasing and debt-paying power.

The American Farm Bureau Federation urges Congress to create a special congressional committee to study the problem of fluctuating basic commodity price levels and the effect of such fluctuations on farmers, producers of other basic commodities, and the economic life of the country. We urge also that such a congressional committee study the monetary systems of this and other countries in an attempt to ascertain the effect of monetary policy on basic commodity price levels and based on these studies to propose effective methods of achieving a greater stability in basic commodity prices and that Congress enact such legislation as will achieve this objective.

Pending the completion of this report to Congress, we urge the continuation by Congress of the President's authority to change the gold content of the dollar.

The CHAIRMAN. The time of the gentleman from Colorado has again expired.

Mr. MARTIN of Colorado. Mr. Chairman, I ask unanimous consent to extend my remarks and to include the letter from the American Farm Bureau Federation.

The CHAIRMAN. The gentleman must secure that permission in the House.

Mr. HINSHAW. Mr. Chairman, I suggest the absence of a quorum, and I make the point of order there is no quorum present.

The CHAIRMAN (Mr. COOPER). The Chair will count. [After counting.] One hundred and thirty-two Members are present, a quorum.

Mr. REED of Illinois. Mr. Chairman, I yield 12 minutes to the gentleman from Maine [Mr. BREWSTER].

Mr. BREWSTER. Mr. Chairman, in considering the continuation of the powers of the President as proposed in the pending measure, it seems to me of extreme importance that we contemplate their effect in our international relationships. It is to that I wish to address myself in the time allotted.

THE GOLD RACKET

Ten billion dollars of worthless European paper now lines our Nation's vaults. Those loans represented the labor of millions of Americans, given by our bankers to Europe.

The present administration has repeatedly denounced that action in unmeasured terms.

Yet in the last 6 years the labor of millions of Americans to the amount of \$10,000,000,000 has been given to Europe by our gold policy.

Whether our \$15,000,000,000 store of gold, supposed to be buried by Secretary Morgenthau in the hills of Kentucky, will be worth any more than the repudiated European paper we have stored here in Washington depends on the policies of our European friends.

Certainly Uncle Sam has been maneuvered into a rather precarious position when recovery for our vast investments in Europe must depend upon the fiscal policies of nations that have already repudiated their solemn obligations.

The debt situation necessitated outright repudiation. The gold imbroglio only requires a little skillful manipulation in order to reduce our gold stores to the status of the now worthless promissory notes.

Secretary Morgenthau ridicules the suggestion that foreign countries would adopt any policies that would make our gold stores worthless.

The decision now hangs by the slender thread of the British financial stake in gold production in Canada and South Africa. That alone gives us any semblance of hope that gold values will be sustained. The British gold reserves are being depleted at a rate that threatens disaster to the system upon which the value of our gold supplies entirely depends. The British lost more than \$1,000,000,000 worth of gold last year and are rapidly approaching the end of their gold reserves.

Curiously enough Soviet Russia has been the principal beneficiary of our gold policy outside Great Britain. The best estimates indicate that America in 5 years has sustained the Soviet economy to the extent of \$1,000,000,000 by our gold policy.

Although the figures are rarely, if ever, published in America the best information available would seem to show that America with 10,000,000 unemployed is giving over \$200,000,000 a year out of our bankrupt Treasury to finance the Soviet system in its attempt to communize the world.

Perhaps a modern Bryan is needed to inquire how long America will be crucified on a double-cross of British and Russian gold.

The world is simply playing upon Uncle Sam another grim and gigantic joke. They get our goods and we get their increasingly useless gold.

We labor and perspire and ship \$10,000,000,000 worth of goods overseas while Americans are in dire need. They give us gold that we bury in the ground while our own people starve.

This solemn farce is all carried out under the pretext of international trade and good will. But where and when do we get off?

The flood of gold is rapidly becoming an avalanche. Russia is holding in check its production for fear Uncle Sam will choke but is shipping indirectly all the international bankers believe America will swallow without awakening to the story of King Midas.

Many nations and individuals are approaching the conclusion that gold may not indefinitely symbolize power. The United States may too late discover that the loan racket of the twenties has been succeeded by the gold racket of the thirties. Uncle Sam is paying a high price for his education in European chicanery.

Let America in the next decade feed and clothe America—rather than Russia. Uncle Sam has ample ability and capacity to produce but seems regularly to lose his shirt in international trade.

The attempt to make the world prosperous and peaceful by reciprocal-trade agreements has obviously failed. Now America must try an all-American plan.

During the past few years this Government has been acquiring constantly increasing amounts of gold. When this administration started we had what was termed \$5,000,000,000 worth. In the last 6 years we have acquired what we call \$15,000,000,000 worth. That is \$10,000,000,000 worth additional. Most of that has come from overseas.

During January and February of this year \$350,000,000 worth of gold came into this country. What is the significance of this increasing gold hoard, supposed to be stored by the Secretary of the Treasury, Mr. Morgenthau, down in the hills of Kentucky? It has meant, in substance, that \$10,000,000,000 worth, or approximately that, of the labor and sacrifice of Americans has been given to foreign lands. In 1920 to 1930 \$12,000,000,000 was loaned to our European friends, and the administration, and I think perhaps very properly, has been very critical of the action of our bankers in giving to Europe \$12,000,000,000 worth of American goods for notes that have now been repudiated and are down here lining our vaults—worthless European paper.

Yet in the last 6 years exactly the same process has been repeated, by which nearly \$10,000,000,000 worth of the labor of Americans and their goods has been transferred to Europe, while Americans were on the point of starvation. While we were struggling with internal domestic problems with more than 12,000,000 people still out of work, and with 25,000,000 women and children dependent upon them for their daily bread, we have continued to pour those goods and services overseas and take back for them not the repudiated notes of the 1920's but gold that may be equally worthless, unless this gold is going to continue as a medium of exchange for which sometime we can get back value received. What are the possibilities?

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield right there?

Mr. BREWSTER. I yield.

Mr. WHITE of Idaho. Does not the gentleman think the people of Germany would like to have some of our gold right now in exchange for our goods? Are they not clamoring for our goods?

Mr. BREWSTER. Not if they can make the deal with Great Britain which was nearly consummated just before the recent crisis, under which those countries subscribing to the sterling standard—the 32 nations that assemble themselves about Great Britain in international trade—decide they will not continue any longer to play with gold. In that event, in the event of that agreement with Germany that Great Britain was on the point of consummating, gold may become increasingly a thing of unimportance in the machinations of international finance.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. BREWSTER. I yield.

Mr. AUGUST H. ANDRESEN. It is predicted that inside of the next 18 months we shall have 90 percent of the world's supply of gold; it will be owned by the United States. This means that the other countries in the world will no longer recognize gold as a medium of international exchange. Secretary Morgenthau now points out that we have too much gold. If the gentleman would permit, I would like to quote a brief summary as to what he says in this regard.

Mr. BREWSTER. If it will not take too much of my time, I yield briefly.

Mr. AUGUST H. ANDRESEN. I quote from the statement of Secretary Morgenthau:

We are confronted with the fact that though we should like to receive less gold and even to get rid of substantial amounts of the gold we already have, there is, under the existing circumstances, no acceptable alternative to the policy we have been pursuing. In the case of all the proposals we have examined, the remedy has always been worse than the disease. The best way to reduce our gold inflow on commodity and service account is for us to have full recovery so that our imports will rise more rapidly than our exports.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. BREWSTER. My time is too limited. The gentleman will have to get time from his own side.

I may say to the gentleman from Idaho that he had better read the recommendations of the American Mining Congress at their last session when they indicated that a continuation of the present gold policies of the United States would result in ruining the gold miners of this country.

Mr. WHITE of Idaho. I wish the gentleman would yield. I will yield the gentleman a moment from our side if he will answer a question.

Mr. BREWSTER. Very well; if the gentleman provides the time.

Mr. WHITE of Idaho. Does the gentleman know the amount of United States currency exported for this worthless gold that is flowing in from Europe? I would like to give the gentleman some idea. Reading from the United States News of April 17, we find the net shipment of United States currency to Europe during March totaled \$23,000,000, or nearly \$10,000,000 above the previous high record established last September. The shipments reflect the demand of Europeans for currency which they can hoard. That is what is happening to our currency, our paper money while this huge reserve of gold is idle and we are told the banks are bursting with money that nobody wants.

Mr. BREWSTER. Yes; but they are going to return that to us whenever they see fit, when it suits their interest, and we will find ourselves once again the prize "sucker" of the world as we did when we lent them \$12,000,000,000 on their repudiated notes.

Are we going to continue to take this gold that can be rendered worthless at any time by a change of the financial policies of Great Britain and the nations that cluster about the sterling standard? I say the time has come to call a halt. When Mr. Morgenthau begins to ponder the implications of accumulating \$15,000,000,000 in gold that we now have buried down in the hills of Kentucky, it is time for the rest of the people in America to begin to think about the implications of that program.

Mr. McGRANERY. Mr. Chairman, will the gentleman yield?

Mr. BREWSTER. I yield.

Mr. McGRANERY. I am interested in the gentleman's statement. I wish he would explain how Great Britain could ruin our currency.

Mr. BREWSTER. I shall be very happy to answer the gentleman as well as I can. I am an amateur in international finance. It is time, however, that somebody in America began to think about it. Let me point out this example: We recently made a reciprocal-trade agreement with Great Britain. I do not know whether the gentleman subscribes to that agreement or not, but the members of his party are responsible for that program. I do know, however, that within 2 weeks after that agreement was made, Great Britain depreciated sterling by 20 cents a pound, or 5 percent. This meant that instantly every atom of protection we had was depreciated by 5 percent; in other words, Great Britain practically repudiated that agreement before the ink was dry. This is the sort of thing which I say threatens disaster. If they permit sterling to drop, they can wipe out our own economy as they did 10 years ago.

Mr. McGRANERY. I do not understand about Great Britain's being in a position to determine our currency, for our policy has been such as to stabilize, or give to the world whatever stability there is in currency.

Mr. BREWSTER. How does the gentleman explain that they took 20 cents off the pound sterling within 2 weeks after the reciprocal-trade agreement with Great Britain was entered into? Our stabilization fund did not seem to be equal to that.

Mr. McGRANERY. Our stabilization fund is equal to it.

Mr. BREWSTER. Notwithstanding that, we permitted the pound to drop from \$5.07 down to \$4.67, and it has been as low as \$4.60 within 6 months.

Mr. McGRANERY. The gentleman understands that has always fluctuated and always will.

Mr. BREWSTER. It has never fluctuated like that until in recent years.

Mr. McGRANERY. I know of my own knowledge it has gone down to \$3.14, which is well below what the gentleman has in mind.

Mr. BREWSTER. When we had the last war.

Mr. McGRANERY. Since 1933.

Mr. BREWSTER. I think the gentleman is incorrect.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. BREWSTER. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman is making a very valuable contribution to this monetary discussion. I want to ask him an important question. Last week a story appeared in the newspapers that the United States Secret Service had seized 12 American citizens who were engaging in a plot to sell gold to the United States Treasury at the increased price and there was involved, I think, \$50,000,000 worth of gold. They are being picked up and will be prosecuted by the Federal Government.

Mr. BREWSTER. Yes.

Mr. AUGUST H. ANDRESEN. May I ask the gentleman, will the United States Treasury buy the \$80,000,000 of gold that Hitler seized from Czechoslovakia?

Mr. BREWSTER. At the pleasure of Mr. Hitler.

Mr. EBERHARTER. Will the gentleman yield?

Mr. BREWSTER. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. The gentleman made the observation that England had devalued the sterling.

Mr. BREWSTER. Yes.

Mr. EBERHARTER. Does not the gentleman think that is the best argument in the world why the United States should also have the power to devalue the gold content of the currency of the United States? If England has that power and the Treasury of England still has that power and they can do it anyway, therefore it is absolutely necessary that the Treasury of the United States have that power.

Mr. BREWSTER. I will try to answer the question. Do I understand the gentlemen on that side will yield me some time?

Mr. SOMERS of New York. I will yield the gentleman 3 additional minutes if he will yield to me for a brief question.

Mr. BREWSTER. Yes. We have for 4 years placed in the President the power of devaluation and the \$2,000,000,000 stabilization fund. I have pointed out how he has failed to use that in defending the dollar against the pound. Within the past 6 months Great Britain, not satisfied with the advantage secured by the reciprocal-trade agreement, deliberately devalued the pound. Instead of any longer entrusting this enormous power to a single individual, which he has admittedly failed to exercise, it has demonstrated, to my mind, that the sound alternative is to restore a government of law and not of men, and that Congress should lay down the principle under which the dollar will be defended by protecting American industry against depreciated foreign currencies. In that way the Congress will carry out its constitutional power to regulate the currency and will not be dependent upon the chicanery of international high finance.

Mr. SOMERS of New York. The gentleman a few moments ago gave us the impression that at some recent conference between Great Britain and Germany it was indicated there was a possibility that the sterling bloc might lose interest in gold.

Mr. BREWSTER. Yes.

Mr. SOMERS of New York. South Africa is a British possession?

Mr. BREWSTER. Right.

Mr. SOMERS of New York. Canada is a British possession.

Mr. BREWSTER. Yes.

Mr. SOMERS of New York. Does the gentleman think Great Britain will ever lose interest in gold?

Mr. BREWSTER. I think that question will be determined entirely by what Great Britain may think is to its best interest. Will the gentleman tell me what nation is next to Great Britain in the production of gold?

Mr. SOMERS of New York. Mexico.

Mr. BREWSTER. I have here a report issued by the Department of Commerce covering imports of gold for January and February. I read there that we have imported \$350,000,000, giving the countries of origin, but I do not read there, nor have I read in any report in the last 3 years that \$200,000,000 a year of these gold imports are coming from Soviet Russia. It ranks second only to Great Britain in the production of gold. In other words, a billion dollars of hard-earned American money, when we are facing disaster, has been given to sustain the Soviet system in its attempt to communize the world; yet no one can discover in the report of the Department of Commerce a trace of that. I have been on the trail of Soviet gold now for some years. I think it is time the American people awakened to the extent to which this administration under its policy in connivance with Great Britain is sustaining communism in the world.

Mr. SOMERS of New York. I know Russia produces some gold. May I impress upon the gentleman, however, that Great Britain produces more gold than any other nation in the world, and it therefore is never going to lose interest in that commodity.

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. BREWSTER. Mr. Chairman, we invited one of the members of one of the great gold firms of the world down here awhile ago, and we asked him why we were buying all of this foreign gold which has been offered. He said if we had not done this and purchased it at \$35 an ounce the British Empire would have collapsed. By our fixed gold price we have given Great Britain in the last 2 years a present of \$2,000,000,000.

I said, "Is it necessary for us to do that?" He said, "That is the basis of it." I said, "Is it not right that Great Britain should share the responsibility?" He said, "Yes. Great Britain is supposed to buy one-half of the new gold produced, but is not doing it."

In this last year the United States has bought all the gold produced in the world—in Russia, Great Britain, and every other gold-producing country—and in addition has taken more than \$500,000,000 from Great Britain to maintain the international balances.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. BREWSTER. I yield to the gentleman from Nebraska.

Mr. COFFEE of Nebraska. Does not the gentleman believe this is an appreciating asset rather than a depreciating asset?

Mr. BREWSTER. When we are the only country that buys gold it seems to me we are just deluding ourselves by thinking that we can indefinitely maintain the price. How long does the gentleman believe we can go on buying gold, and when would he stop—when we have 100 percent of all the gold in the world?

Mr. COFFEE of Nebraska. Following out this thought, in the event that all the nations go off the gold standard, does the gentleman believe the people of the individual countries would not be interested in purchasing gold if they had the opportunity? Would gold not be an appreciating asset regardless of what all the countries do with respect to going off the gold standard?

Mr. BREWSTER. I believe the gentleman will recognize the American Gold Mining Congress as a pretty good authority on that subject, and they said that unless we let the people of this country get back to the use of gold the people of all the world will lose their interest in gold. They begged us in their last Congress to change this indefensible policy. [Applause.]

[Here the gavel fell.]

Mr. REED of Illinois. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. ROBSON].

Mr. ROBSON of Kentucky. Mr. Chairman, ladies, and gentlemen, because President Roosevelt claimed a great emergency existed, a subservient Congress passed the original act giving to the President extraordinary powers relating to the stabilization fund and the alteration of the gold content of

the dollar in 1934. The act was limited to 2 years except the President could at the end of 2 years extend this power for another year if he found the emergency still existed. The President, in 1936, extended these powers to himself for 1 more year, and in 1937 the administration forced through Congress a bill to extend the time for 2 years more. This power to the President will expire June 30, 1939. The purpose of this bill is to grant another extension of 2 years, to June 30, 1941.

THE "GREAT EMERGENCY" ADMINISTRATION

No administration has ever approached the present administration in great and extraordinary "emergencies." They dig up a new "emergency" every week. Beginning with March 4, 1933, the President, with his big majority in the House and Senate, has forced through Congress scores of measures, all of them based on "emergencies." These measures granted extraordinary powers to the President for periods of 1 or 2 years.

When the time of these emergency acts expired the President forced through Congress extensions from time to time. It will be observed that the extensions of time granted for these emergency acts reaches beyond January 1941, when Mr. Roosevelt goes out of office. The American people will then have had 8 years of "emergencies," with 8 years of increased taxes, increased deficits, increased debts, increased dictatorial powers, with increased unemployment and increased relief rolls, but with a decrease in farm income, farm prices, and a decrease in private business and private employment.

TOO MUCH POWER FOR ONE MAN

Under the original act a \$2,000,000,000 so-called stabilization fund was turned over to the President to stabilize our currencies. This Nation had existed for 140 years and no stabilization fund was ever required to protect the honest American dollar. During that 140 years there have been fluctuations of the value of the currencies of the world. Such fluctuations have always existed—for instance, following the World War the Russian ruble was so devalued that it took 100,000 rubles to equal 5 cents in American money. The German mark was devalued to the point where it was worthless, as 100,000 German marks would not buy a 10-cent lunch. The French franc was devalued from time to time, and this was true of other countries. But until this act of the New Deal the American dollar was worth 100 cents throughout the world. While other nations were tinkering with and debasing their currencies and coins, ours remained fixed, and the very fact that we had a dollar that was good in every part of the world caused this Nation to make the greatest progress and to be the most prosperous in the world. [Applause.]

Two billion dollars is a large sum of money. It could be used to do much harm to this country. It has been strongly intimated by an Assistant Secretary of the Treasury that part of this huge sum of money has been loaned to various governments.

The greatest blow that was struck to the American dollar and to American business was the action of the President in reducing the gold content of the American dollar from 100 cents down to 59.06 cents in 1934. As another evidence of the lack of need of this huge stabilization fund we have not changed the value of the American dollar since 1934, while the currencies of France, Germany, Russia, and other nations have been devalued from time to time.

CONGRESS SURRENDERS ITS POWERS

Section 8, article I of the Constitution expressly provides that "Congress shall have the power to coin money, regulate the value thereof, and of foreign coins, and fix the standard of weights and measures," but in the very teeth of this constitutional provision Congress abdicated its powers and gave to the President these extraordinary powers. If it were necessary to reduce the gold content of the dollar or change its value, the Congress under its plain constitutional duties should have done this itself and not delegated these powers to the President. I am one Member of Congress who is unwilling to admit my legislative incapacity. It is our duty to legislate and not abdicate. I am willing to assume the re-

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sponsibility and carry out the powers given to Congress under the Constitution. The people of the United States sent you and me here to uphold and carry out the provisions of the Constitution and not surrender these powers to one man simply because he declares an emergency exists. I shall vote against this bill and thereby uphold the Constitution and protect the rights of the American people.

59.06-CENT DOLLARS

What did the President do with these extraordinary powers? Our money was based on the gold dollar. The gold dollar contained 25.8 grains of gold, nine-tenths fine. The President reduced the gold content of the dollar to 15.521 grains, which meant a reduction of 40.94 percent of the gold content of our dollar, and that reduced the dollar from 100 cents to 59.06 cents. The American people owned approximately \$7,000,000,000 in gold and gold certificates issued by the Government, giving the citizens the right to call for the amount of their gold certificates in gold. The President under this law forced all American citizens that held any gold coins or gold certificates to bring in their coins and certificates and turn them over to the Government, and for each 100 cents in gold coin and gold certificates they were given a paper dollar worth 59.06 cents. In other words, the Government took away from the citizens over 40 cents out of each dollar. Now, 40 cents out of every dollar of \$7,000,000,000 amounts to \$2,800,000,000. The administration then boasted that it made a profit of \$2,800,000,000 out of this transaction. If the Government made that much profit, the American people lost \$2,800,000,000. This administration simply took that amount of money away from its own citizens. The Government made a profit on that just like it could and would make a profit by taking from its citizens a hundred head of good milk cows, worth \$100 apiece, and force the owners of the \$100 cows to exchange them for cows worth only \$59.06 apiece. Of course, the Government could boast, as this administration has, that it made over \$40 on each cow, but it would violate every principle of honesty, justice, and decency to do it.

The President, under this devaluation law, has the power to further devalue the American dollar. He can force the American people to bring in their 59.06-cent dollars and exchange them for 50-cent dollars, and the Government will make some more profit in this devious manner. This policy is not only unjust; it is dishonest.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. ROBSON of Kentucky. I yield for a question.

Mr. REED of New York. The gentleman has mentioned devaluation of the Russian ruble. The officials in power at that time used devaluation to deprive the farmers of Russia of their wealth. The farmers were unfamiliar with the effect of devaluation. The officials bought up all the wheat of the farmers, and the Russian farmers then found that the purchasing power of the ruble had disappeared. This policy meant ruin to the Russian farmers. Has not devaluation of the currencies for 2,000 years been the instrument of oppression used by every unscrupulous and dishonest ruler?

Mr. ROBSON of Kentucky. Yes. It was used by the dictators and tyrants who ruled nations 2,000 years ago, and it has been used from time to time by oppressive and dishonest rulers and dictators throughout the last 2,000 years. Wherever it has been used, dishonor and disaster have followed. A number of dictators and tyrants required the people to bring in their gold, just as we were, and had it reminted and then made new identical coins, but they put in alloys of tin, copper, lead, or silver, and cut the gold content of the coin. The Government got the gold that was taken from the people's gold coins, and, of course, the Government made a so-called profit. This process was followed time and again, so that in many instances the so-called gold coins of the country were almost destitute of gold and almost worthless.

So far as I have been able to read history, no nation has at any one time made a 40-percent devaluation, as was done by

President Roosevelt. Many of us complained in this country about Hitler putting a penalty of 20 percent on the property of the Jews in Germany, according to press reports, and required these Jews to pay that sum to satisfy large damage assessments made against the Jewish people of Germany. That amounted to a 20-percent tax or penalty against the prosperous or well-to-do Jews. Mr. Roosevelt, in debasing or devaluing the gold dollar, in effect, assessed the holders of every gold dollar and gold certificate in this Nation 40.94 percent, and that amounted to a tax or a taking of 40.94 cents out of every gold dollar and every gold certificate, and on the \$7,000,000,000 it amounted to \$2,800,000,000. Mr. Roosevelt put a greater penalty or a greater tax on each and every American citizen holding gold or gold certificates than Hitler placed on the Jewish people.

We are told that it is not the purpose of the President to further devalue the American dollar. If this be true, why should we pass this bill extending this power to June 30, 1941?

The uncertainty of the value of our dollar has created distrust and lack of confidence and has prevented recovery in industry, agriculture, and employment.

NEW DEAL'S GREATEST AND COSTLIEST FOLLY

The President was given the power under this act not only to fix the value of gold and silver but to buy it in unlimited quantities. As we have pointed out, he forced the American people to surrender their \$7,000,000,000 of gold and paid to them \$20.67 an ounce. In a short time he fixed the price of newly mined gold at \$35 an ounce and pledged this Government to buy and pay \$35 an ounce for all the gold that might be offered to us. With this unusually attractive price, gold mines throughout the world increased their production and many new gold mines were opened, and in 5 years we have bought at \$35 an ounce approximately \$9,000,000,000 of gold, 90 percent of it from Russia, Mexico, Central and South American countries, Canada, Australia, and other foreign nations. The actual value of the gold is approximately \$20.67 per ounce. We have bought this enormous amount of gold from foreign countries at \$35 an ounce. The difference between \$20.67 and \$35 an ounce is really a subsidy. Of course, American producers of gold have received this subsidy, but American producers have furnished only about 10 percent of this \$9,000,000,000 of gold. We have paid to foreign gold producers a subsidy of approximately \$3,500,000,000.

Under this act the President fixed the price of silver, and the average price fixed by our Government was 59 cents per ounce. The real value of silver is 24 cents an ounce, but the high price fixed by this Government has created a world price of around 43 cents an ounce. This Nation is paying about 16 cents more per ounce for foreign silver than the inflated world market price. This Nation has bought nearly 2,000,000,000 ounces of silver. About 90 percent of this enormous quantity of silver has come from Mexico, China, and other foreign countries.

President Roosevelt proposes to continue to buy all the gold, as well as all the silver, that may be offered to this country at those prices. It can be seen at once that these tremendous subsidies being paid by us have greatly increased the production of gold and silver throughout the world, and it is little wonder that about the only persons who urge the extension of this act are the New Dealers, headed by the President, the gold- and silver-mine owners, the international bankers, and the brokers dealing in gold and silver. Our Uncle Sam has been a wonderful Santa Claus, but his spirit to give reaches its highest peak in giving these enormous subsidies amounting to billions of dollars to foreign producers of gold and silver.

Why was this policy inaugurated? Two New Deal professors insisted that it would bring about business recovery and increase our foreign commerce to buy all the gold offered in the world, and about the same argument was made for silver. This Nation now has between 60 and 70 percent of the money gold of the world. We pay \$35 an ounce to countries that take it out of the ground for about \$8 or \$10 an ounce, and then we bury it in the ground down in Kentucky. We have

great quantities of silver likewise buried in vaults up in New York and other places.

If we extend this act to June 30, 1941, the President will continue to buy all the gold and silver in the world and continue to act as super Santa Claus to the foreign producers of gold and silver throughout the world. An effort will be made by the Republicans to limit these subsidies to the producers of gold and silver by American citizens and cut out these subsidies to foreign producers of gold and silver [applause], but the President will force our New Deal friends to vote down these amendments and continue this greatest and costliest of all the New Deal follies.

The question arises, What are we going to do about it? We cannot continue to buy all the gold and silver in the world at these inflated prices. We cannot continue to pay out billions in subsidies to the foreign producers of gold and silver. But what will happen when we stop taking the gold and silver of the world? Will not the price flop? And what will this gold and silver be worth then? It could not possibly be worth more than \$20.67 an ounce. Do you not think that the American holders of gold and gold certificates got a dirty deal when they were forced to take \$20.67 an ounce for their holdings and the Government proceeded forthwith to pay the producers of foreign gold \$35 an ounce, or an increase of \$14 an ounce?

Did it help business or commerce? We have bought larger quantities of gold and silver in the last 2 years than at any other time, yet we have more people out of work and more people needing relief than at any time in the history of this Nation. Farm prices have dropped more than 50 percent in the last 2 years. During the last few months, with the greatest inflow of foreign gold, our foreign commerce dropped 40 percent. Our exports were \$150,000,000 less for the first quarter of 1939 than for the first quarter of 1938. Wheat delivered in Chicago in March 1937 was \$1.52 a bushel; today it is about 67 cents a bushel. Corn delivered in Chicago in March 1937 was \$1.25 a bushel; today it is about 47 cents a bushel. One-third of our railroads are in the bankruptcy courts and the other one-third are on the brink. The Government has nearly 12,000,000 bales of cotton on its hands that it does not know what to do with, and this is true as to about 270,000,000 bushels of wheat and millions of bushels of corn.

No one but a New Dealer could figure out how we could bring back prosperity by paying a subsidy of 69 percent to the producers of foreign gold and bury it in the ground down in Kentucky, or by paying a subsidy of 25 percent or more on foreign silver and hide it away.

When the final chapter is written on this law, and the books are opened, the American people will find this to be the most expensive and the greatest of all the follies of the New Deal.

We have around \$15,600,000,000 in gold and billions in silver. By these subsidies we have induced the people of the world to send their gold and silver to this country. Now they do not have the money to buy our surplus cotton, corn, wheat, meat, and other products. We have the money and we have the products. Both are piling up and idle.

Much is being said these days about the nations going back to centuries ago and engaging in barter. We are planning now to swap corn, cotton, wheat, and so forth, to other countries, not for money but for some of their products. The New Deal has finally brought us down to the old deal of "barter" of centuries ago.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. ROBSION of Kentucky. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. After our citizens had to turn in their gold for \$20.67 an ounce or else go to jail or pay a fine, or both, there was brought into this country over \$8,000,000,000, brought in here by foreigners, not only the producers but the speculators and racketeers.

Mr. ROBSION of Kentucky. Yes. Our Government took the American citizens' gold away from them at \$20.67 an

ounce and then gave the foreign producers of gold in Russia, Australia, and other gold-producing countries of the world \$35 an ounce and made it unlawful for an American citizen to have gold coins or gold certificates.

I was talking to a dentist recently and he pointed out the effect that this high price paid for gold by our Government had upon the users of gold in this country. He stated that a small bar of gold that cost \$5.30 before this act was passed in 1934, and which is necessary to carry on his business as a dentist, now costs \$9.80, and, of course, this additional cost must be passed on to the consumers of gold in this country. The American Mining Congress is right. It states that if we persist in this policy we shall destroy the benefits to American producers of gold and silver. If we are going to pay a subsidy to anybody, let us pay it to the American producers of gold and silver and not pay out these large subsidies to the foreign producers. [Applause.]

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. ROBSION of Kentucky. Yes; I yield.

Mr. REED of New York. I think it is conceded by everybody that the greatest unemployment is in the heavy industries, and one reason there is unemployment is because of the uncertainty as to value of the coin of the realm, because they cannot and dare not enter into long-term contracts.

Mr. ROBSION of Kentucky. When this country was the most prosperous through the years we had the American dollar—not two kinds of a dollar, one dollar for foreign commerce and the domestic dollar.

I am opposed to this act and its extension. Let us restore confidence by returning to constitutional government. Let us return to the good old American dollar worth 100 cents around the world and to American policies. [Applause.]

Mr. COCHRAN. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, there is one fact that I wish the Members of the Congress would keep in mind in the debate on this subject, and that is the fact that in international trade the American dollar is the most stable dollar in the world. The American dollar is the most sought after dollar by every businessman, not only in America, but by every businessman and every exporter in any country of the world, and this to me is the best evidence that the policies of the administration and of this country in trying to maintain the value of the dollar are the right policies; and the policies that are in the best interests of the American businessman, the American worker, and the American exporter. If it were not for the stabilization fund that we have established and its operations, I say that the American exporter and the American businessman would be at the mercy of every other country; would be at the mercy of the speculators not only of this country but at the mercy of the speculators of the other countries of the world, such as England, France, Russia, Belgium, the Netherlands, and even the South American countries, because every country today is putting on an intensive drive for foreign trade. Not only the United States is driving and striving to export its goods but every other country in the world is doing it. And every country, in order to protect its own interests, its own manufacturers, its own businessmen, and its own exporters, is doing what it can to depress the currencies, if possible, of other countries. So you will see that it is absolutely necessary to have a stabilization fund.

We were at the mercy for a time of certain other countries, before we established our stabilization fund. Other countries for a time kept it a secret that they had a stabilization fund.

They did not let us know what they were doing, or why our American exporters were trading at a disadvantage so far as the value of the American dollar was concerned. As soon as we found out what was the matter we established a stabilization fund, and what do you find in the world today? That eight or ten other countries that are interested in expanding their foreign trade have a stabilization fund; not only England, not only France, but Belgium has it, Switzerland has it,

the Netherlands has it, Colombia and Argentina, in South America have it, Italy has it, and even the small country of Latvia has a stabilization fund. And so has Rumania. If these nations find it wise, you see how it is absolutely necessary for us to continue our policy of a stabilization fund. There was not a single witness who appeared before the Committee on Coinage, Weights, and Measures who did not concede the fact that it was necessary for this Government to take steps to protect the value of the American dollar. There was only one witness, as I recall, who advocated the abolition of the stabilization fund, and while conceding that it is necessary for measures and steps to be taken to protect the American dollar, his idea was that we did not need the stabilization fund, but that the Board of Governors of the Federal Reserve Board could handle the situation.

I think there is a considerable body of public opinion in this country, and a considerable number of men in this House, who believe that the Federal Reserve Board already has too much power and too much control over money without having Congress delegate to the Federal Reserve Board this particular stabilization fund power. If we are going to surrender any rights or delegate any power, why not give them to the President of the United States or to the Secretary of the Treasury?

No one can say that this fund has not been operated for the benefit of the American businessman and the exporter, and, incidentally, for the benefit of the farmer, the workman, and the small-business man, who is only interested in domestic trade. They get the benefit when the American exporter, the American manufacturer of machinery, and so forth, export their goods, and when they know that their dollar is a good dollar all over the world.

The whole fight on this stabilization fund and on this power of the President to devalue the dollar, in my opinion, is nothing but a fight on the part of the bankers of the country, and, perhaps, on the part of the Federal Reserve Board itself, in order to take power away from the administration, and place it in the hands of the bankers, or to place it in the hands of the Federal Reserve Board.

We do not want to have to surrender to the Federal Reserve Board, or to the banking system of this country, power over the stabilization fund.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I want first to finish my statement, and I will be glad to yield later if I have the time. Insofar as devaluation of the gold content of the dollar is concerned, a good many misstatements have been made on the floor of the House. The gold value of the dollar was fixed 5 years ago, and it was fixed at 59 percent of what it had been up to that time. It was found absolutely necessary to devalue the gold content of the dollar, or American industry would not have been able to export a dollar's worth of goods. Every other country was striving to get our gold through the use of our currency. What would have happened if we had not devalued the dollar? Every country, and every citizen from every other country as well as citizens from this country, would have continued to buy gold at the then price, and the result would have been that all of the gold in this country would have flowed out or would have been in the hands of individual citizens or banks, who would have hoarded it. Gold has always been the recognized means of exchange, and all countries and all people were wild to get their hands on it, and so the Federal Treasury would have found itself in a short time without a pound of gold. What would have happened to the economic system of this country if it had become known that the United States Treasury had no gold? People were lined up for blocks and blocks waiting to exchange their currency for gold while they could get it, so that if devaluation had not taken place at that time and all gold impounded, our economic system would have gone smash.

In the economic field, it is just as necessary now for the President of the United States to have this power to devalue gold, in order to protect us against the raids of foreign governments and against the raids of foreign businessmen, who want to depress our currency, and against the raids

even of domestic speculators in gold, as it is for this country in our scheme of national defense to have a standing army to protect itself. That is how necessary it is in our economic life. It is just as the Secretary of the Treasury said; it is as necessary as it is to have adequate sea power. I repeat, if the President does not have that power we will be at the mercy of foreign countries.

In the last 5 years over 50 countries have changed the value of their currency, but we hear men in this Congress standing up and saying that this power should not be continued. How in the world are we going to protect ourselves?

Mr. HALL. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I would like first to finish my statement. Somebody said something about When is an emergency not an emergency or when does it cease to exist? If anybody gives any thought to the subject, he will know that in the economic field of world trade we are as much in an emergency today as we were 5 years ago. The future of our economic system, not only in this country but in other countries, and social, and political, and economic conditions are more uncertain than they were 5 years ago, especially when you consider this drive, as I said before, for international trade, and consider that some nations are even willing to go on a barter-and-trade basis. Absolutely, if any consideration is given to a study of the matter, we must conclude that this Nation, in order to protect itself, must have these measures. The United States is practically the only country in the world that has a fixed gold content for its dollar. Most of the other countries have a floating currency, they have exchange agreements, their currency has no real value, but in the United States we know that the currency of this country contains $15\frac{1}{2}$ grains of gold, nine-tenths fine. So this is one of the few countries in the world that is on a stabilized basis. If you shut out the American exporter, the businessman, from selling his goods to foreign countries, what are we going to do? Or if he has to sell his goods at a depreciated value, it will stop exports, and everybody knows what effect that will have on the internal conditions of this country.

You talk about unemployment. If you adopt measures so that the American manufacturer of machinery, or the exporter of goods to foreign countries is not protected in the foreign market, I fail to see how that is not going to increase unemployment in this country, because unemployment is caused, not only by conditions here, but by world conditions, and if we cannot export our goods, unemployment will increase. You may take the hearings before the committee, and you will not find where a single exporter appeared before our committee and said that this stabilization fund should be abolished, nor will you be able to find a single manufacturer or businessman who advocated abolition of this fund; nor will you find a representative of any farm organization or labor organization or of any organization whatsoever who said that the stabilization fund should not be continued. We have no such testimony, and hearings were held for weeks. Conditions are very different today from what they were 5 years ago or 10 years ago when there was a free exchange of gold all over the world. We are not living today under the same conditions as we were 6 or 7 years ago, and there are any number of reasons it is necessary for the President and the Secretary of the Treasury to continue to have the power given by the bill now before us. They say \$15,000,000,000 in gold is too much for the Treasury of the United States to have. We all know from history that gold was always the main basis of wealth. It was used as a medium of exchange even before civilization began. If you want to say that gold will not be used in the future, that gold as a medium will go contrary to all history and all experience in the past, still you cannot say that gold will not be valuable. The fact that we have so much is the very thing that puts the United States in the commanding position in the world which it has today insofar as economic relationships with other nations are concerned. That is why we can continue to export our goods and commodities.

They say we are paying a subsidy of \$14.33, or something like that, for every ounce of gold. That is a fallacy. It is not true. It is not the fact. The price of gold in 1933 will be shown from the record, as adduced from statistics that were gathered, which are reliable. Just listen to how the price of gold went up. This is a factor you should take into consideration. In 1933, in the month of January, the price of gold was \$20.58 an ounce. In February it was \$20.65. In March it was \$20.71. In April it was \$21.71. In May it was \$24.29. In June it was \$25.36. In July it was \$28.85. In August it was \$28.34. In September it went up to \$30.68. In October it was \$30.71. In November it went up to \$33.10. In December it was \$32.32. In January 1934 it was 32.87. In February 1934 it went up to \$34.48. In March 1934 it was \$34.77, and in April 1934 it went up to \$34.85.

That was the price of gold in the world market and in the United States of America. When the President fixed the value of gold at \$35 an ounce and impounded the gold of this country, what were the indications? The price of gold was going up from day to day. It was almost impossible to obtain. People were lining up trying to exchange currency for good old gold. What would have happened? The result would have been, as I said before, that the United States Treasury would not have had an ounce of gold, and the economic system of this country would have gone smash. When you see that in 14 months the price of gold raised over \$14 an ounce and was going up day by day, day by day, how can you say that the United States Treasury is paying a subsidy today? England is buying all the gold it can get right now at \$35 an ounce, the same as the United States. France is buying all the gold right now at the same price.

Mr. BREWSTER. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. Not now. If I have time after I finish my statement I will yield.

And that is the price, according to the tripartite agreement entered into with those countries, that will be recognized as the value of gold for the present.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. PARSONS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. EBERHARTER. Mr. Chairman, there have been other misstatements made on the floor of this House insofar as the right of foreigners to come and demand gold from this country is concerned. The laws, and the regulations of the Treasury Department, are to the effect that no foreign citizen can buy gold from this country any more than a citizen of this country can buy gold. The only parties authorized to buy gold from the United States Treasury at \$35 an ounce are the nations with which we have agreements, or the fiscal agents of those countries. In England it is the Bank of England. In France the only party who can buy gold is the Bank of France. This gold in the United States that was sent here, those people and those nations who have sent it here sell it at \$35 an ounce, and they get a credit. That credit is used to settle international balances. So when those people and those nations send their gold here they receive a credit. What does that do? That helps the United States to sell the goods we have produced in this country, because the gold is held here to settle those balances. When those people have deposits of gold here, naturally it is a stimulus to our trade and a stimulus to those having a credit balance to buy from the exporters of this country, and our producers and manufacturers.

I believe it is absolutely necessary for us to continue the operation of this stabilization fund and it is just as necessary to continue the power in the Treasury and in the President to devalue the gold content of the dollar, because if we do not do that we know that these other countries, in order to advance the interests of their own businessmen, their own workmen, their own laborers, will do something that will further plunge this country into more unemployment and more business distress.

The automobile companies of this country are shipping thousands and thousands of dollars worth of machinery and automobiles and other manufactured articles to foreign

countries. Not one of them appeared before this committee and said he did not have confidence in the American dollar. They are all glad to sell their goods. If they did not have confidence in the future of the American dollar and that that confidence would continue, they would not make these contracts with foreign countries to sell them their goods, because the contracts call for payment in the American dollar. I believe that for the protection of the American businessman, for the protection of the American exporter, the American manufacturer and, incidentally, for the protection of the American worker and farmer, it is best to pass this bill, continue the stabilization fund and continue the power of devaluation in the President. The power of devaluation is a weapon in reserve which is needed for the protection of American interests. It is the wise thing to do. It is the patriotic thing to do, and the thing to do for the best interests of the entire country, businessmen, workingmen, and farmers.

Mr. BREWSTER. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. BREWSTER. Did I understand the gentleman to say that Great Britain was buying gold?

Mr. EBERHARTER. Great Britain is buying gold, according to—

Mr. BREWSTER. How does the gentleman explain the fact that Great Britain has lost \$1,300,000,000 worth of gold to us last year, not only every dollar produced in the British Empire, but \$500,000,000 additional?

Mr. EBERHARTER. It is very easy for Great Britain to have on deposit here gold earmarked for other persons; and if they want to send it over to this country or if other nations want to send gold over to this country because of unsettled conditions in Europe, they can send it here, sell it to us, and they get a credit balance on our books.

Mr. BREWSTER. The gentleman's statement is correct. They very much prefer the credit to the gold. We get the gold but they get the credit.

Mr. EBERHARTER. But we have an agreement with England that they value this gold at \$35 an ounce; and they will take from us in settlement of international balances \$35 worth of goods; or gold valued at \$35 an ounce.

Mr. BREWSTER. And none of those balances have existed for some years. The gentleman said that we could not sell gold to anyone. Has the gentleman in mind the provision of the law immediately preceding this one under which the Secretary of the Treasury is given power to sell gold in any amount at home or abroad, in such manner and at such rates and upon such terms and conditions as he may deem most advantageous? Secretary Morgenthau could sell the \$15,000,000,000 of gold tomorrow for 10 cents.

Mr. EBERHARTER. What I meant by my statement was that no person has the right to come to the Federal Treasury and demand gold—no foreigner, no citizen of any foreign country. To get gold from the United States Treasury, a license must be had from the Secretary of the Treasury, and at the present time only certain foreign nations or their fiscal agent have licenses. [Applause.]

[Here the gavel fell.]

Mr. REED of Illinois. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

THE DEVALUATION AND GOLD STABILIZATION ACT

Mr. ALEXANDER. Mr. Chairman and Members of the Committee, to a man on a horse the debate on this bill indicates that all we are doing in this country, including this gold stabilization and devaluation bill now under debate, is useless in terms of the solution of our great problem of poverty and unemployment or of bettering our agricultural, industrial, and commercial welfare.

Measured in terms of the gold and silver we have acquired in the United States during the past 6 years we have per-

haps accomplished something, but in terms of human welfare and economic advancement there seems to an ordinary observer to be great deficiency of accomplishment.

This bill may be needed by the international bankers to save themselves or their particular clique from loss or destruction by some other group of international gamblers, but I can see no reason why the shrinking resources of this Nation should be pledged and depleted by Congress to save these predatory, profit-seeking interests.

If anyone can show how either our national or our international economy has been aided or improved by this act in terms of the welfare of the masses in America, I shall be glad to hear it. We know unemployment has continually grown; we know the farmers' prices have gone down and down; we have been getting closer to international chaos and probably war. Surely if the program conceived by the inventors and sponsors of this bill is helpful and worth while we should have had some tangible results ere this after 5 years of promises and hope.

What then is the answer to all this? Shall we continue to be misled and misguided by these self-seeking interests, or shall we call a halt right here and build our own program, based on the welfare of our people and of democracy?

To my mind there is one question we all must answer, not only in connection with this bill, but all the other money-spending, money-appropriating, money-wasting, fallacious laws and activities which this Nation has engaged in during the past several years. That question is being asked on every hand by all classes of people. It is this: What is the objective being sought with all this Government planning, control, and spending? What do you planners and spenders intend to accomplish? Do you expect in another 2 years of extension of this act as asked for in this bill to rejuvenate America or rehabilitate business and workers' jobs? Or do you expect to continue these artificial, fantastic schemes until you have completely broken the Nation, its businessmen, its farmers, and its financial structure, until dictatorship is the only answer, and democracy lies vanquished upon the altar of greed or incompetence or both.

Some of our people even suspect that the whole present program is one to destroy orderly government purposely and premeditatedly so as to force the country into dictatorship. A very able and fair exposition of this problem was presented to the House in the course of this debate only last Tuesday by one of the most capable and distinguished Members of this session, Congress DIES, of Texas. He then pointed out—and I hope every patriotic citizen in America will read his masterful address—that it is high time to call a halt to the further extension of emergency powers, such as was originally granted in this bill, because dictatorships feed on emergencies and on the perpetuation of emergencies.

By some peculiar coincidence a letter has just come to me from a party way down in Arkansas which would indicate, if true, that we have indeed something to fear and worry about in this Nation. I was never in Arkansas in my life and never heard of this individual before, but I insert the letter at this point in the RECORD, so that you may judge for yourselves as to the need to take a checkrein from here on every piece of legislation coming before us. The letter is as follows:

I quote:

I have read with much interest, and, may I say, with a sense of prayer, your speech on the floor March 2 upon your introduction of your resolution for an investigation of Secretary Wallace and his entire Department on this Triple A.

Although I read the RECORD rather carefully, I have not seen just what disposition the House has made of this matter. I trust that it has gone through, and that the House has placed ample funds in the committee's hands for such investigation, for conditions here in the South are horrible because of the mismanagement of the Triple A. There has been absolute fraud in all of its actions, and even the very fundamental laws of the land have been grossly violated. Hundreds upon hundreds of formerly well-to-do, thrifty farmers have been rendered homeless, helpless, and desperate because of the functioning of this law.

The situation here, and all over the South, can best be gleaned in the enclosed article that I have prepared for publication, together with the accompanying affidavit. These facts I actually know to be a fact, as I have sat by the hour and seen these things take place. In fact, I at one time was requested to "forge" men's names myself,

and because I refused to do so, was told "that my services were no longer needed."

I did not realize the seriousness of the situation until I was in Washington last spring and was asked by certain parties who claim to be near the administration to come south and organize the farmers for them. At that time the entire plan of taking over America—"revolution through legislation"—was clearly outlined to me. I was given names in order that I might apply for literature, etc. I was told that the entire plan of the Triple A, its motives, etc., was a step in the Government's taking over agriculture, and T. V. A. for the taking over of utilities. That the next steps would be the taking over the railroads, aviation, radios, in the order given, and so on down the line. The fact that startled me most was the statement that Washington was only to be the subcapital, with the real capital to be abroad in one of the foreign countries. That there was already a building completed to answer for the "international capital of the world."

You see, with all of this information on top of what I already had, I set to work trying to bring the situation before the people, the seriousness of the plight that we were being gradually enticed into.

My article has not yet been published but I have great hopes that it will before very long but I wanted you to know the conditions here in the South with the hope that you will have the conditions here in Arkansas investigated along with that of other States. Robinson's close connections might have had some bearing on the "rank" way the Triple A forces ran amuck. They knew that he, Robinson, could and would ward off all investigations as he in fact did. And, too, it would not do to let any unfavorable publicity attach itself to the name of the majority leader of the Senate, friend and adviser of the President, oh, no! So the investigation was killed about midway or a little further along.

We Americans thank our holy stars that we have a few noble, strong, true Americans still in the Senate and House and know that we are standing entirely back of you in all of these investigations and the righting of all of these wrongs with whatever powers and services that it is within our power to render you. For conquer we must and save our country from a condition far worse than Germany—Soviet Russia—for it is to her that all efforts are bent.

Very sincerely yours,

S. J.

I have not had opportunity as yet to obtain permission to publish the article referred to in the above letter, but I assure you it is enlightening and highly illuminatory, and later with the writer's permission I may insert it in the RECORD where the public can see and know the charges sworn to under affidavit therein.

This is only one of over 500 letters and petitions which I have recently received on the subject of governmental reform of various types which the people feel is needed in this country. All of these letters ask for monetary reform and demand that our Government abandon the issuing of tax-exempt interest-bearing, nonnegotiable Government bonds, which are drawing billions of dollars out of production. They ask that we restore to Congress its sole right under the Constitution to coin and regulate the value of money and credit.

From the volume and earnestness of these letters it may rightly be assumed that the people are demanding an end to this monetary control by the international money changers and that we vote down the extension of further emergency powers to the President, or anyone else, for that matter.

Mr. REED of Illinois. Mr. Chairman, I yield 7 minutes to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I have been trying to examine this problem in the last few weeks as a matter of policy for the country we live in and not from a partisan or political angle, and the few remarks I shall make today are made in that spirit.

Mr. Chairman, the gentleman who preceded me spoke about the movement of gold throughout the world. There are several good reasons why gold should move from one country to another. The principal reason, the one that we like to think of first, is its use in the settlement of international trade balances. Gold has been used for this purpose since time immemorial. There is another very important reason why gold will move in the world, and that reason is fear—fear of what may happen to the people who have it, wherever they may be. It is my humble opinion that a great deal of the movement of gold to this country in recent months has been due to fear of conditions abroad. There is, however, another very important reason why gold will move, and particularly in the situation we have here

under the present law, and that is the price which we are willing to pay for it. We are paying \$35 an ounce for gold. This is a very high price for this metal. The present cost of mining gold is more nearly the \$20 an ounce that it used to be, as I understand it, than it is the \$35 an ounce we are now paying for it. The difference between cost and selling price is the subsidy we are paying to gold producers throughout the world.

The gentleman spoke of conditions in 1933 when the price of gold was rising. I call the gentleman's attention to the fact that the price of gold on the 4th of March in 1933 was very close to \$20.70 an ounce, or \$20.67. From that point on it began to rise. I do not say that that rise in the price of gold was on account of fear of the New Deal administration in the hearts of American people, but I know that the people attempted to gain gold and hide it in every corner of the world, and that they were willing to pay for that gold whatever they could afford.

Consequently the domestic price of gold rose quite rapidly to something in the neighborhood of \$34.87. Then the price was stabilized at \$35, which was in excess of the price bid at the time. Under those circumstances, the price having been bid up in this country and having been stabilized at \$35 an ounce we are paying a considerably greater price for the gold than it is worth as a commodity. The cost of mining gold is not any greater today as I see it than it was in 1933.

I have here a very significant article which I have been studying which comes from the Foreign Affairs Quarterly of April 1939, an article entitled "Has Gold a Future?" by Frank D. Graham and Charles R. Whittlesey, both connected with the economics department of Princeton University. The first sentence reads as follows:

In 1923 certain British economists, in characteristic half-serious, half-humorous vein, proposed that, in the process of paying reparations and interrelated debts, Europe should first send her monetary gold to the United States and then turn her back on the gold standard once and for all, leaving this country, quite literally, holding the bag.

I think that is what is now occurring throughout the world because at the present time no other nation than ours is on the gold standard, and I have some doubt as to how much of a gold standard we have here.

On page 584 of this magazine the statement is made:

We are importing gold not on our own volition but in accordance with the will of foreign sellers.

Rates of exchange have no longer any decisive influence on gold movements even though gold movements still have a marked influence on rates of exchange. The significant point is that discretion as to whether gold will be imported or exported, not only in their own country but here also, rests entirely with foreign monetary authorities who can also dominate exchange rates when they so elect. So long as they possess, will take, or will export, gold, they can put exchange rates practically where they want them; even without gold, they could do this in some degree through the purchase and sale of dollar claims provided we remained ready to buy and sell gold at a fixed price in dollars.

On page 591—and I wish you could all read this entire article for it is important—the statement is made:

The trouble arises from the fact that we are on gold and the rest of the world is not, and that we have a standing offer to buy gold in unlimited amounts, at a high fixed price in dollars, while the monetary authorities in other countries can take it or leave it at their discretion.

It is somewhat ironical that the "friends" of the gold standard, repeating the history of silver, are proving to be the greatest enemies of the standard they favor. It is they who are largely responsible for an untenable position from which, so long as foreign countries refuse to alter a status in which they are at a marked advantage, we can perhaps best extricate ourselves by the definitive demonetization of gold.

In other words, the people of the United States, through the action of their Government in Washington, are suckers. They have actually purchased tons of bricks of gold from sellers throughout the world at far more than the cost of production. And these writers advise us that the best way out of our trouble is to demonetize gold altogether.

I say to you this administration has in truth driven the money changers from the toll temples in Wall Street and invited them right into the United States Treasury, where they fatten at the expense of the people much easier than before.

Then these writers go on to tell us some other things about the gold question. Mr. Chairman, this is a most important subject, because it involves the savings of the people of the United States. I call your attention to the fact that we have buried in a hole in the ground over here in Kentucky some \$15,000,000,000 in gold which the world does not want for monetary purposes. If it were allowed to go out on the open market today at a free price it would no doubt drop in price to not only \$20.67 an ounce but probably to a far less amount than that, even to \$15 an ounce. Every dollar that it dropped in price would mean a loss to the American people of \$430,000,000, based on the stock we now have on hand.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. Does the gentleman recall what it was that Mr. Hitler seized when he took Czechoslovakia?

Mr. HINSHAW. It seems to me it was \$80,000,000 in gold.

Mr. CASE of South Dakota. Does the gentleman think that the demand or desire for gold is at all responsible for some of the unrest in Europe?

Mr. HINSHAW. I feel quite certain that the lack of any monetary standard in Europe at the present time is responsible for a great deal of that unrest.

Mr. Chairman, we have bought tons of gold for which we have no use unless we coin it and distribute it among the people. I say we have no other use for it; I do not mean that exactly, because we can use it for filling teeth and making wedding rings, watches, and doorknobs, and so forth. But \$15,000,000,000 worth of gold will fill a lot of teeth.

Besides that, Mr. Chairman, it takes several thousand soldiers to guard that place in Kentucky where the gold is buried. It is an expense, a liability, an invitation to war, a net loss to the people of the United States in almost every way you look at it.

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Chairman, I yield 7 minutes to the gentleman from Iowa [Mr. HARRINGTON].

Mr. HARRINGTON. Mr. Chairman, I rise to call the attention particularly of my colleagues from the agricultural districts to a statement that has been placed in the hands of every Member of this body by the president of the American Farm Bureau Federation. Mr. O'Neal, in writing to the Members of Congress, has the following to say:

I am writing to convey to you the support of the American Farm Bureau Federation for the extension of the President's power to change the gold content of our dollar provided for in the Somers bill, H. R. 3325, which is now under consideration by the House of Representatives. We respectfully urge your support of the continuance of the power to revalue our dollar in order to protect our currency and to safeguard our exports and our domestic markets. This is a matter of vital importance to 30,000,000 farm people.

At the last annual meeting of the Federation held at New Orleans, La., December 11, 12, and 13, the voting delegates from 39 member State organizations representing through their membership approximately one and a half million farm people asked for the continuation of this power, pending an investigation and report on the whole monetary problem by a joint committee of Congress. A copy of the resolution is appended. Senator BANKHEAD and Representative STEAGALL have already introduced resolutions in the Senate and House which embody our recommendation for such a study; the Somers bill continuing the power to revalue the dollar embodies our other recommendation.

The power to revalue our dollar expires on June 30, 1939, unless action is taken by Congress to renew this authority. Failure to act now would be calamitous. Perhaps at no time since the close of the World War has the international situation been more unstable. It is imperative, particularly under such conditions of international insecurity, that we maintain these powers to protect our markets from the disastrous consequences of monetary manipulation and exchange fluctuations by foreign countries. Now that we are a creditor nation with huge surpluses, especially of wheat and cotton, it is vital that we protect our export trade from adverse currency manipulation by competing nations.

Practically every important nation of the world has abandoned the fixed gold standard. The executive branch of practically every nation of the world has been given the power to depreciate its currency if it so wishes and to do so without public discussion and debate. In the world today when currencies of competitor nations are in a state of constant flux it would be suicidal to tie the hands of our Government and prevent it from adjusting our currency in such a way as to protect our export markets and prevent foreign produce from being dumped into our domestic market.

If the existing power to revalue the dollar within the specified limits is not continued it really means putting the United States back on the fixed gold standard. It means tying our dollar to a fixed gold content. We would be virtually the only country in the world that would be doing so. By tying our currency to the gold dollar while the other countries are permitted to depreciate their currencies at will, we are deliberately sacrificing the one weapon which prevents foreign countries from actually carrying out the depreciation of their currencies. We would be giving up the one weapon which would restrain these competing nations from getting a competitive advantage in the agricultural and industrial markets of the world.

The attempt to maintain a fixed value for our gold dollar regardless of changes in our economic and monetary conditions was an important factor in bringing about the most disastrous and far-reaching depression in our history in 1929-32. Because our dollar was rigidly bound to a fixed quantity of gold and because other countries depreciated their currencies, basic commodity prices dropped almost one-half. That meant we had to produce twice as much to obtain the same dollar income as in 1929. Our dollar became so dear that it could no longer serve as a fair medium of exchange for goods and services and the payment of debts. Our whole economic structure was brought to the brink of ruin.

Farmers who must exchange their commodities for dollars suffer the most from a fixed gold dollar. For example, in 1929 a farmer could exchange less than 1 bushel of wheat for a dollar, but in 1932 the farmer had to exchange 3 bushels of wheat for our gold dollar with its fixed value. Likewise, the cotton farmer who borrowed \$100 in 1929, borrowed the equivalent of 1½ bales of cotton, but if he had to pay back this debt in 1932, he had to pay back the equivalent of 4 bales of cotton.

The abandonment of the fixed gold standard in 1933 followed by the revaluation of our dollar stopped the ruinous process of deflation and proved a major factor in starting our Nation back on the road to recovery. To abandon now the power to revalue our dollar means once more subjecting the millions of our farm people to the merciless consequences of a fixed and rigid gold standard at a time when our competitor nations can, at will, change the value of their currencies.

We have made much progress toward a managed currency which can serve as a fair medium of exchange and as a protection to the farmers of our Nation. We should go forward and not backward. We, therefore, respectfully urge the continuance of the power to revalue our dollar.

Sincerely yours,

EDWARD A. O'NEAL, President.

Resolution adopted by the annual meeting of the American Farm Bureau Federation, New Orleans, La., December 11, 12, 13, 1938

MONEY AND PRICE LEVEL

The American Farm Bureau Federation has repeatedly urged Congress to exercise its constitutional obligation to regulate the value of money by establishing and maintaining a managed currency, regulated on an index of basic commodity prices which will maintain a dollar with a constant purchasing and debt-paying power.

The American Farm Bureau Federation urges Congress to create a special congressional committee to study the problem of fluctuating basic commodity price levels and the effect of such fluctuations on farmers, producers, or other basic commodities and the economic life of the country. We urge also that such a congressional committee study the monetary systems of this and other countries in an attempt to ascertain the effect of monetary policy on basic commodity price levels and based on these studies to propose effective methods of achieving a greater stability in basic commodity prices and that Congress enact such legislation as will achieve this objective.

Pending the completion of this report to Congress, we urge the continuation by Congress of the President's authority to change the gold content of the dollar.

Mr. REED of Illinois. Mr. Chairman, I yield 6 minutes to the gentleman from Montana [Mr. THORKELOSON].

Mr. THORKELOSON. Mr. Chairman, there seems to be a great deal of confusion in regard to terms. I have here a statement from the Treasury Department that I am going to insert in the Record, and I ask all Members to read it.

There is no relationship between our currency at home and the currency that is used abroad for the simple reason that the international dollar is secured with 15.521 grains of gold and the domestic dollar is not secured with gold. The international dollar is stabilized, therefore, upon its gold content and needs no stabilization fund in order to keep it stable.

Here is another fact we must bear in mind; that is, that \$35 buys 533½ grains of gold and \$20.67 bought 533½ grains of gold before 1933. So you are not buying any more gold with \$35 than you bought with \$20.67.

The stabilization fund was set aside to be used by the President and the Secretary of the Treasury. It was not to stabilize the international dollar. The reason the fund was set aside was because it must be used in order to stabilize

our securities that may be dumped on the foreign market. The Congress should realize that no securities or bonds are secured by gold. When such securities leave the United States to be liquidated in a foreign market, they are then paid in gold and the stabilization fund is to take care of and liquidate such securities in the foreign market.

Mr. PATMAN. Will the gentleman yield?

Mr. THORKEKELSON. I yield to the gentleman from Texas.

Mr. PATMAN. Is not the gentleman talking about the open-market operations of the Federal Reserve bank rather than the stabilization fund?

Mr. THORKEKELSON. There is really no difference.

Mr. PATMAN. No difference?

Mr. THORKEKELSON. No difference; and I make that statement for the reason that when our securities or bonds are dumped on a foreign market they are payable in gold.

Mr. WHITE of Idaho. What class of security does the gentleman refer to?

Mr. THORKEKELSON. I mean our bonds or credit. Even commodity dollar is paid for in gold outside of the United States, in spite of the fact that it is not paid in gold within the United States.

Mr. PATMAN. Is not the gentleman mistaken about \$12,-000,000,000 of gold certificates outstanding?

Mr. THORKEKELSON. No. It is in this statement.

Mr. PATMAN. Show it to me.

Mr. THORKEKELSON. This comes from the Treasury Department.

Mr. PATMAN. Read it to the Committee.

Mr. THORKEKELSON. I will be glad to do that.

Title to all gold held by the Treasury, now amounting to 15.5 billion, is vested in the United States. A large part of this gold (12.9 billion on April 17, 1939) is held as security for gold certificates (or credits payable in gold certificates)——

Mr. PATMAN. "Or credits." There is only \$2,000,000,000 plus in gold certificates, with \$10,000,000,000 plus in credit; just a pencil-mark transaction.

Mr. THORKEKELSON. Let me continue:

Issued to and held by the Federal Reserve banks pursuant to the Gold Reserve Act. Such gold certificates may be redeemed in such amounts of gold bullion as, in the judgment of the Secretary of the Treasury, are necessary to settle international balances.

In order to reply to some of the questions which have been asked on the floor of the House, I present the following illustrations for explanation.

An ounce of gold will only exchange another ounce of gold, so it follows therefore that the price does not fluctuate except in its exchange rate.

In 1932 the dollar contained 25.8 grains of gold. Today the dollar contains 15.521 grains of gold, and as we carry this on, we find that in 1932 it required 25,800 grains of gold to buy \$1,000 of credit. Today, it only requires 15,521 grains of gold to buy \$1,000 worth of credit. This is the reason for gold coming to the United States.

Now, let us carry this transaction through: The English merchant, in order to buy an automobile worth \$1,000 in the United States, customarily would take 25,800 grains of gold, or approximately 200 pounds in English money, to his bank and establish a credit for \$1,000 in the United States. Today the same English merchant takes 15,521 grains of gold, or approximately 200 new pounds, to his bank in England, and establishes a \$1,000 credit in the United States, to buy the same automobile that he bought in 1932.

In 1932 the American manufacturer would present a draft on the exchange bank in New York and would receive for his automobile 25,800 grains of gold, or \$1,000. Today he takes the same draft to the bank and receives 15,521 grains of gold, or \$1,000. The difference is not in the dollar, but it is in the amount of gold the dollar represents. This picture is not entirely true, because the manufacturer in the United States receives \$1,000 in commodity or unsecured money and no gold, for domestic money is not payable in gold to us. The bank, however, receives \$1,000 in credit from England, or 15,521 grains of gold, instead of 25,800 grains of gold which it received in the same transaction before 1933.

This loss is taken by the United States manufacturer, who is actually selling his automobile for \$600 in gold as compared

to \$1,000 in gold before our dollar was depreciated. This is also the reason why foreigners buy United States bonds and securities. The ounce of gold today buys \$35 of securities, whereas the same ounce bought \$20.67 worth of securities and bonds before 1933. This is a good investment for foreign nations, particularly in view of the present trouble now raging in Europe. English capital is safer in the United States than it is in England, especially if England should lose a war or if her currency should collapse. So these same people buy United States securities because the interest is payable to them in gold, and the bonds and securities themselves are also redeemable in gold when they ask for such redemption.

The United States, therefore, becomes a depository for foreign nations, because their money is reasonably safe in the United States; and on top of that we pay them an interest payable in gold. This is the reason for the flow of gold into the United States. This is also the reason why business is upset and turmoil exists in every country in the world.

We cannot go back to the old gold standard and liquidate American securities in dollars based upon the old gold standard, because in such event we would pay 40 percent more gold for the liquidation of them than we received in the sale of such stocks and securities. This would deplete the United States Treasury and leave us hopelessly bankrupt.

TREASURY DEPARTMENT,
Washington, April 20, 1939.

HON. J. THORKEKELSON,

House of Representatives.

MY DEAR MR. THORKEKELSON: This will acknowledge receipt of your letter of April 18, 1939, addressed to Mr. Harry D. White, Director of Monetary Research, requesting information regarding money in circulation, etc.

1. The total money in circulation and the demand and time deposits of all member banks as of December 31, 1938, were as follows:

Total money in circulation outside Treasury and	
Federal Reserve banks.....	\$6,856,000,000
Cash in vaults of member banks.....	746,000,000
Demand deposits (all member banks) (adjusted).....	22,293,000,000
Time deposits (all member banks).....	11,369,000,000

Demand and time deposits of nonmember banks amounted to \$17,525,000,000 on September 28, 1938.

2. Our laws require that a 40-percent reserve in gold certificates be held against Federal Reserve notes in circulation and a 35-percent reserve in gold certificates or lawful money against deposits of Federal Reserve banks.

3. The total deposits of national banks and their reserves on deposit with Federal Reserve banks for the dates requested are shown in the following table:

June 30—	Total deposits	Reserve with Federal Reserve banks	Percent
1926.....	17,092	1,381	8.1
1932.....	15,206	1,151	7.6
1936.....	20,986	3,521	16.8
1938.....	21,866	4,618	21.1

4. Two billion dollars of gold was set aside for the exchange stabilization fund. Of this amount \$1,800,000,000 has remained on deposit in the Treasury in the form of gold, and \$200,000,000 has been transferred to a special account with the Federal Reserve Bank of New York, to carry on the operations of the fund. A complete audit of the fund as of December 31, 1938, is enclosed.

5. Title to all gold held by the Treasury, now amounting to about \$15,500,000,000, is vested in the United States. A large part of this gold (\$12,900,000,000 on April 17, 1939) is held as security for gold certificates (or credits payable in gold certificates) issued to and held by the Federal Reserve banks pursuant to the Gold Reserve Act. Such gold certificates may be redeemed in such amounts of gold bullion as, in the judgment of the Secretary of the Treasury, are necessary to settle international balances or to maintain the equal purchasing power of every kind of United States currency.

The remainder of the gold held by the Treasury is accounted for as follows:

Gold reserve—held pursuant to law as a reserve against United States notes and Treasury notes of 1890.....	\$156,000,000
Allocated to the stabilization fund.....	1,800,000,000
Gold in general fund (against which gold certificates or credits have not as yet been issued)——	
(a) Balance of increment resulting from reduction in the weight of the gold dollar.....	142,000,000
(b) In working balance.....	525,000,000

Very truly yours,

HERBERT E. GASTON,
Assistant to the Secretary.

Mr. Chairman, today we are considering whether or not we should extend the power to control our gold until 1941 to the President of the United States. Congress had no right to give the President the power in the first place and there is certainly no excuse for its continuation today.

On April 17, 1939, the chairman of the Rules Committee, the distinguished gentleman from Illinois, very pompously tried to find some excuse for the extension of this power, but, true to form, he spoke on his pet topic, the Hoover administration. I dislike to refer to the past, but, in order to keep the record straight, I cannot refrain from replying to the gentleman's erroneous remarks.

In 1920 the national debt was approximately \$28,000,000 and the purchasing power of the dollar was 64 cents, which is equal to a 36-percent inflation of currency. On Inauguration Day, March 4, 1921, there was \$6,207,000,000 in circulation. On September 1, 1922, this had been reduced to \$4,393,000,000, which was equal to the amount of gold in the United States Treasury. This established a balance, for there was no more currency in circulation than there was gold in the Treasury, and the dollar value was restored to 100 cents in gold. This brought the commodity prices down, so that in 1926 the dollar had a gold and purchasing value of 100 cents. It is for this reason that 1926 has been designated by this administration as a normal year.

During this period from 1921 to 1929 the Government lived within its income, and in addition to that, saved enough from its income to reduce the national debt about \$8,000,000,000. From 1928 to 1933 the national debt remained about \$20,000,000,000, but the value of the dollar was equal to \$1.67, which, of course, meant that prices on commodities had dropped in the same proportion. This was not serious, for it was brought about by the withdrawal of money from circulation.

The depression of 1931 and 1932 was premeditated by the same power largely instrumental in the repudiation of gold securities. The point to bear in mind, however, is this: All securities including money were backed by gold in the United States Treasury. We were on a gold standard and business was essentially sound in spite of the fact that there were ten or eleven million people unemployed.

In March 1933 the bankers and the President went into a huddle which terminated later in repudiation of all gold-bearing securities and the use of gold-secured currency in the United States. In 1934 Congress enacted the Gold Reserve Act for reasons best known to itself but certainly unnecessary and destructive to industry. It was supposed to be an act "to protect the currency system of the United States, to provide for better use of monetary gold stock of the United States, and other purposes." This act is not, as the title infers, "to protect our commodity or managed currency," because our domestic dollar is not secured or redeemable in gold in the United States. The dollar we are using here is spurious because it lacks standard value. It is for that reason bound to collapse, as sure as we are sitting here today, unless it is secured by gold, which alone is recognized as a standard of value.

The act further provides for better use of the monetary gold stock which is a misnomer. I believe the people in the United States realize today that the monetary power given to the President by Congress is the most contemptible capitulation of the New Deal to the international money power. The President's emergency power and control of money has destroyed business and sent idle people walking the streets. In justice to those we are supposed to represent, let us restore the people's rights by placing an embargo on the gold, so that it may be used for security of the money we are using here at home. If anyone is entitled to be secured, it is our own people, so let us give them a break. If you do so, you will correct an injustice, and the people are entitled to that much consideration.

I am sure the people back home expect us to protect them and we can do so by resuming our constitutional power to "coin and regulate the value of money." After having done so, and upon returning home, we will at least not be ashamed to meet our constituents face to face.

It has been said, "Whoever controls the money of a nation controls that nation." This power has been recognized for a long time. Meyer Amschel, the father and founder of the Jewish house of Rothschild, said:

Permit me to issue and control the money of a nation and I care not who makes its laws.

This is the power the President asked for, and which Congress bestowed upon him in 1934, when the Gold Reserve Act was passed.

The question now is, Do you want to continue the control of money to the President, to the Secretary of the Treasury, and the gang that was in the huddle in 1933? Before you decide let us size up the situation as it is today.

We have a national debt of over \$40,000,000,000. We have unsecured currency, and a dollar with no stable purchasing value which is unredeemable in gold in the United States.

In other words, our people are consigned to the use of a commodity or managed dollar until it finally collapses, or until the majority in Congress changes its attitude and denies the President the control of money.

Congress alone has the constitutional power to control money, and that is as it should be, because it represents the people and the money belongs to the people. In spite of this the Seventy-third Congress set aside \$2,000,000,000 in gold for the President and the Secretary of the Treasury, without even allowing an officer of the United States to ask for an accounting of it. This, of course, is a violation of the power as defined in the Constitution. The purpose of the stabilization fund is not to stabilize the value of the international dollar for that is stabilized upon its gold content of 15.521 grains. It is not to stabilize our commodity or managed money for that has no relation whatsoever to gold. Our commodity money is no more than scrip or stage money, only worth what it can buy. The stabilization fund is, however, for one purpose, and that is to maintain a fixed value on United States bonds in foreign countries; otherwise they would not be acceptable, because they carry no gold value. Foreigners refuse to deal in worthless securities. In other words, Congress, at the public expense, has provided the President and the Secretary of the Treasury with \$2,000,000,000 in gold, which they may use for call money on the stock market to protect the international money ring when they are called upon to liquidate United States bonds and other investments, which are unsecured at home but payable in gold to foreign countries.

With \$2,000,000,000 in gold fabulous wealth may be accumulated by gambling alone. I wonder if Congress intends to continue this folly until 1941. But whether it does or not depends upon the vote of the majority of this House. It depends upon those who have gone along with the President for 7 years, because I do not believe that there is even one Republican who will subscribe to this so-called emergency. I do not believe that my colleagues feel in their own hearts that they were fair and just to our people when they passed the Gold Reserve Act, which deprived them of equal rights with foreigners. I shall vote against extending further monetary power to the President and the Secretary of the Treasury, because I prefer instead to give the Nation's gold back to our people so that they may be secured by gold, a property which rightfully belongs to them. We have worked for it and it is ours and the people's right and privilege to enjoy the benefit of it.

Are we better off than we were yesterday or the day before? The answer is "no," for we have made a complete failure of everything. We have as many unemployed people today as we had 6 or 7 years ago. If we include those who are now employed unnecessarily on the Federal pay roll, we have more unemployed people today than we have had at any time in the past. The Members of the House very well know that we have about 120,000 on the Federal pay roll in Washington alone. Many industries have been closed and many more will close, because no sane and sensible businessman will put up sound securities to borrow unsound and spurious money. No one in his right senses will even begin or attempt to engage in business today, not knowing what this "fly-by-night" administration is going to do tomorrow.

I do not believe there is even one Government-owned corporation which is earning enough to pay its own expenses. As a matter of fact, to judge by appropriations made by Congress for the various Federal business ventures, it appears that all of them are operating at a deficit, no different from that of the Federal Government. It is, indeed, a discouraging condition for which there is no necessity, and which Congress can correct today by resuming its rightful power to control and regulate money.

The first requisite for operation of industries is a sound and stable monetary system. If Congress fails to provide this, there will be no recovery or decrease in our unemployed. Do not deceive yourselves, gentlemen, business is not on a strike, as the administration insinuates, but business is instead discouraged and disgusted with an unreliable majority in Congress. Even the columnists in our daily papers recognize this. One of them said last night that the Supreme Court is encouraging Congress to neglect the Constitution. Inasmuch as it is recognized in the newspapers, it is well for Congress not to neglect it.

There will be no recovery until business can operate free and unmolested from Federal snoopers, or until the various Federal bureaus cease to demand complicated reports. Such things are unnecessary and expensive, and add to the cost of production.

I actually believe that labor itself is beginning to realize that we cannot borrow money and hand it out in order to bring about consuming or purchasing power. It just does not happen that way. Purchasing power can only remain in the community in which industry is operating steadily, so as to provide a regular weekly pay roll. Under such conditions money always remains in circulation in the particular community where such business or industry is operating, but this is not the case when the Federal Government is spending money, because it is neither creative nor remunerative. The Federal Government cannot bring about purchasing power by spending money on various projects, for this reason: Money always returns to the source from which it came. When the Federal Government borrows money it is from the Federal Reserve banks, and all money spent in different localities throughout the United States returns to the Federal Reserve banks or remains there until the Government borrows again. Money cannot remain in circulation unless it is used in private industry. Such money must realize sufficient profit not only to meet the overhead of such industry but, in addition to that, pay reasonable taxes. If this can be done, prosperity will prevail in such community. If destroyed, poverty takes its place.

Gentlemen, this is the condition the country faces today: Federal destruction and usurpation of private business and industry.

Disraeli, the Jewish Prime Minister of Great Britain, said:

The world is governed by very different personages from what is imagined by those who are not behind the scenes.

It occurs to me that this invisible government is present in all countries, but it is my opinion that its influence is particularly pernicious in the United States today, and it is no doubt the power that the majority in Congress has followed innocently; for I do not believe there is one Member in this House who would willfully and maliciously deprive the people of their rights.

Mr. REED of Illinois. Mr. Chairman, I yield 12 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, I confess that this is a bill which has bothered me in determining fully what it means, and apparently there is confusion in the minds of other persons, too. That is due, I think, to the peculiar way the original act has been amended—a careless use of the words "this paragraph"—and to the fact that the present bill does not correct that vagueness.

But it is clear that the bill provides for an extension of the stabilization fund and makes the requirement that reports hereafter shall be submitted to the Congress, and that the final section proposes to extend devaluation powers under the Gold Reserve Act of January 30, 1934.

NOT ESSENTIAL TO SILVER PURCHASE

The question has been asked many times whether or not this bill involves the silver-purchase program. I am convinced that the passage of this proposed legislation is not necessary to a continuation of the silver-purchase program. I call to your attention that the Silver Purchase Act, which is Public, No. 438, of the Seventy-third Congress, was approved June 19, 1934, and is not amended or touched by the pending bill. Section 3 of the Silver Act of June 19, 1934, states:

Whenever and so long as the proportion of silver in the stocks of gold and silver of the United States is less than one-fourth of the monetary value of such stocks, the Secretary of the Treasury is authorized and directed to purchase silver at home or abroad for present or future delivery with any direct obligations, coins, or currency of the United States authorized by law, or with any funds in the Treasury not otherwise appropriated, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest.

Under that paragraph in the Silver Purchase Act not only does the power of the Secretary of the Treasury exist to continue the purchase of silver at home and abroad, but it is in fact mandatory upon the Secretary of the Treasury that he shall continue such purchase until the described condition is reached. Of course, we do not have any such condition at the present time. Our silver stocks in the country at the present time are not one-fourth of our gold. We could buy over a billion ounces of silver before we would reach that condition. And that Silver Act is not touched in any manner, shape, or form by the measure now before us. Consequently, it seems to me it should be clearly understood that the Silver Purchase Act is independent of, is not amended by, and is not concerned or affected by the passage or nonpassage of the particular bill now before us.

It may be true that at the present time, as the gentleman from Colorado [Mr. MARTIN] has remarked, the Secretary is acting under the silver proclamation made under the Gold Reserve Act or the Thomas amendment, but in no sense is his action limited to working under that proclamation.

Moreover, a careful reading of the silver sentences in the Gold Reserve Act amendment will reveal that they are not structurally in the same paragraph that carries the date we here propose to amend. They have no time limitation. They would go on even if the gold powers expired.

HOARDING—NOT PRICE—FILES UP GOLD

A second confusion arises, it seems to me, out of our failure to keep in mind the world situation with respect to gold and our failure to identify the gold-hoarding policy apart from our price policy.

The purpose of using gold in international trade is to have a medium of exchange that will help international trade to flow. Today the United States has nearly 60 percent of the world's gold, and we will not let loose of it. We will not barter and we demand that countries pay us in gold. That policy, and not price, piles up the gold in this country.

I am not afraid that gold is going to lose its value—the world will never come to the position where it will not want or demand gold—indeed, the ultimate danger is that the world demand for gold will bring on wars. The immediate danger is that we may have arrived at the position where we have cornered the world's gold and disrupted international trade. Gold on the open market in London before we offered \$35, and since, brings as much as we pay for it, but in other countries private ownership of gold is not a crime. People want it. Nations want it.

Indeed, there is much reason to ask if our gold policy—not the price, but the hoarding policy—is not in fact one of the basic causes for the unrest and the conflict in the world today.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. What the gentleman has stated is quite apparently in the mind of the Secretary of the Treasury, who states he fears we now have too much gold and must get rid of some of it. Does the gentleman have

any ideas with regard to how we may reduce our stock of gold in this country?

Mr. CASE of South Dakota. Yes; I have two suggestions, and I propose to give them in just a minute.

Mr. AUGUST H. ANDRESEN. I should like to hear them.

Mr. CASE of South Dakota. It is important, if gold is to fulfill its function, that it be permitted to flow. The very fact that when Hitler seized Czechoslovakia one of his first acts was to seize the gold there, and the fact that today we ourselves say we will sell war supplies to France if she can pay for them in gold, are ample proof that the world still wants and still demands gold. If any nation gets into the predicament where it must get something, the problem is simple if it has gold with which to pay.

Some concern has been expressed here this afternoon over the fact that we were taking good United States currency and buying gold with it. Does anyone for a minute suspect that we could not regain that currency any time we wanted it if we would offer to return the gold for the currency?

These facts, it seems to me, demonstrate the inescapable conclusion that gold does have a definite and practical purpose and value in the world, and, at the same time, point to the solution of the problem.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. If the gentleman will permit, I should like to answer the gentleman's question.

Mr. AUGUST H. ANDRESEN. Let me ask the gentleman this further question. What would the countries do that are now buying war supplies and other merchandise from the United States when they run out of gold?

Mr. CASE of South Dakota. They will do exactly what some are doing today. They will cease to buy from us and they will attempt to carry on international trade by the barter system, and that is exactly what is happening in many instances today. When barter breaks down, they fight for gold or for the raw materials they have not the gold to buy.

It seems to me there are two steps that might be taken that would help to restore gold to a position where it would contribute to the solution of world problems. Indeed, steps that would remove one of the basic causes of current problems.

USE GOLD TO PAY FOR GOLD

In the first place, I would suggest for your consideration an amendment, and I trust the gentleman from Minnesota will give this consideration:

An amendment to provide that in purchasing gold the Secretary of the Treasury shall hereafter pay for the same with gold certificates that shall be legal tender in all respects and redeemable in gold bullion of equal value at the time of redemption as provided in section 6 of the Gold Reserve Act of 1934.

In other words, this suggestion would mean that hereafter instead of piling up an accumulation of gold to be buried, a purchase would wash itself by the issuance of a gold certificate redeemable for the equivalent value of gold at any time it might be presented for redemption.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield further?

Mr. CASE of South Dakota. I yield.

Mr. AUGUST H. ANDRESEN. That is the recommendation of the American Mining Congress. They propose that gold shall be minted when it is purchased and paid out in gold dollars, ten- or twenty-dollar gold pieces.

Mr. CASE of South Dakota. Of course, this particular suggestion does not call for the minting of the gold.

Mr. AUGUST H. ANDRESEN. It would call for a redemption.

Mr. CASE of South Dakota. For redemption; yes.

Mr. AUGUST H. ANDRESEN. The gentleman contemplates, then, a return to specie payment as recommended by the minority?

Mr. CASE of South Dakota. Yes; I do.

Mr. AUGUST H. ANDRESEN. And that is one of the solutions for our difficult problem and will be of material aid in this country in stabilizing our affairs.

Mr. CASE of South Dakota. And contributing to the stabilization of international trade in the world.

It seems to me there could be no objection to that. If we are alarmed, and the Secretary of the Treasury is alarmed, by the increasing percentage of the world's gold we are acquiring, what possible harm could there be in simply issuing a certificate that would be redeemable in gold? Purchases would not increase our hoard. An equivalent amount would be subject to demand. Gold could flow again and trade would follow.

USE OLD GOLD TO FREE OUR MARKETS

The second suggestion would be to authorize the issuance of gold certificates against present nonmarked gold, to be used for the purchase of domestic securities held by foreigners. This not only would achieve a better distribution of the gold stocks now on hand but would tend to free our security markets from the demoralizing effects of liquidation when war scares frighten Europe.

The first suggestion, the gentleman will recognize, seeks to avoid increasing the problem.

The second suggestion is directed at solving the problem of present maladjustment.

I would be pleased to have the gentleman's suggestion on that if he cares to make any comment.

Mr. AUGUST H. ANDRESEN. I was hoping the gentleman would go into detail on that second suggestion, and let me ask the gentleman this question. Does he have in mind that when foreign investors dispose of their American securities that they should then be forced to take gold in order to get it distributed throughout the world?

Mr. CASE of South Dakota. Not necessarily, although I see more sense in that than I do in proposals to make foreign loans with this gold. That means giving it away. My idea is to get something for it that will be a good thing for the United States and Americans to have, which will be not only the actual securities purchased but the independence of our markets.

I readily admit that that suggestion will require considerable study, but it does not seem more difficult than the operation of a stabilization fund for foreign exchange. Indeed, you might think of this in terms of domestic stabilization. That would not be more speculative than the attempt to stabilize the English pound and the French franc, and it would not be different in principle than the making of commodity loans.

Indeed, I would include the purchase of foreign-held domestic commodities if they were stored in this country and likely to be dumped here whenever the foreign speculator got jittery. We could thereby protect our Government commodity loans and domestic prices. I am not enthusiastic about rigging markets by governmental machinery of any kind, but we are in a situation and must work our way out, and I am thoroughly disgusted with seeing our markets depressed by every war scare. Grains, livestock, and commodities share the jitters when foreign speculators liquidate.

It is difficult to find any foreign commodity we need that we cannot get by an exchange of goods which means work and wealth for our people. It is absurd to give the gold away or to make loans that will never be repaid. If we can use it to recapture the control of our own markets, it seems to me that will be a constructive thing to do for its own sake, while at the same time we make it possible to restore a more normal distribution of gold in the world and that will contribute mightily to solving the very problems that disrupt and disturb the world.

So I suggest using gold certificates to pay for new gold and using old gold not earmarked to free our domestic markets from foreign influence. And, of course, both of these suggestions involve legalizing the private ownership of gold, and the individual American citizen could have the option of purchasing and carrying a gold certificate or of purchasing foreign-held domestic securities. [Applause.]

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Chairman, I yield 15 minutes to the gentleman from Oklahoma [Mr. MASSINGALE].

Mr. MASSINGALE. Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MASSINGALE. Mr. Chairman, I do not know a great deal about the merits of the bill under consideration, but I think I know a little something about another important measure that should be receiving the consideration of this House in a most serious way, and that measure is what is known as the cost-of-production bill for farmers whose produce is consumed within the continental United States. This bill is H. R. 2371.

You know the importance we ordinarily attach to legislation depends very largely upon the section of the country that we hail from. I come from a wholly agricultural community.

It ought to be borne in mind when you go to deal with the agricultural problem of America that there are approximately 40,000,000 such people in this country.

Roughly speaking, one-third of the population of the United States is dependent for subsistence upon agriculture and nothing else. I am assuming all of you are just as familiar as I am with the agricultural break-down, and I use the term "break-down," I do not mean a break-down in figures, but I mean a collapse. The Secretary of Agriculture himself testified before the Senate Committee on Agriculture and the House Committee on Agriculture that under this program of farm benefits he has gone the limit; that the farmers could no longer expect any benefits from the lowering of the acreage or reducing the production on the farms in the way of price restoration or in raising prices for farm products, and he was frank enough to admit that the only method by which this could be done would be something like the cost-of-production bill or a price-fixing bill guaranteeing to the farmers of the United States what it costs them to produce the food and fiber to feed and clothe America. He says that under his program he will have to dip down into the Treasury of the United States every year and take out from \$500,000,000 to a billion dollars before we can even pay the farmers parity for their farm products. The cost-of-production bill promises the farmer more than that. Congress is not keeping its contract with the farming class of people in the United States, because last year we all know that every farmer who put in a crop did so with the full confidence that the Government of the United States, through Congress, would pay him parity money, which would make up the difference between the world market price of the farm produce and the parity price of that commodity. Congress has not done that.

In fact Congress turned down a proposition to authorize an appropriation of money to make these parity payments, and we have the farmer now just bogged down along with the Secretary of Agriculture, who has thrown up his hands, and what is this House going to do about it? If we don't do something about it, some other House will one of these days. We cannot stand what we have now. You cannot take 40,000,000 people and just toy with them, promise them, and not fulfill your promises. Lest I forget, I shall give you an example of what the difference is between the price under the Agricultural Adjustment Act and under the cost of production bill as it applies to cotton people only in the United States. I come from a country where the major crop is cotton. I think every man in this Congress ought to familiarize himself with a bill so important as this bill is to 40,000,000 people. You will be astounded when I tell you, if you have not looked it up, that there are 2,700,000 cotton farmers in the United States, and that 2,400,000 of those cotton farmers produce less than two bales of cotton each annually. Just cogitate on that a few moments, and then can you wonder why it is that such poverty prevails throughout the agricultural portion of the United States, the richest country in the world? And I am speaking now of the 2,400,000 two-bale cotton farmers. I did not know that that condition of poverty existed among the cotton

farmers of America until I began to look into the matter. The present law yields to the two-bale farmer \$61.77 for his two-bale crop. What do you think of that? An American citizen working from 5 o'clock in the morning until 6 or 7 o'clock at night for a whole year, so far as cotton is concerned, and he gets \$61.77 for all of that. Under the cost-of-production program, which is the bill which we have up for consideration now before the Committee on Agriculture of the House, the same producer would get \$164 for his two bales. The increased income for each such two-bale cotton farmer would be \$102.23 per annum. The entire class of 2,400,000 two-bale cotton farmers would have their income increased by \$245,352,000 if we were operating under a bill like the cost-of-production bill. In addition to these 2,400,000 two-bale cotton farmers in America, there are 300,000 other cotton farmers. They produce above two bales per farm. This is a comparison that I have had to work out myself, but I know it is correct. Those 300,000 farmers, making above two-bales average on each farm, work and control two-thirds of the cotton acreage of America.

Therefore, they ought to produce twice as much cotton as the 2,400,000 farmers produce, and if they do then their increased income, not their total income, under the cost-of-production bill, would amount to \$470,704,000. The increased total cotton income of the two-bale farmer and the farmer producing on an average above two bales amounts to \$736,050,000 annually. That is the economic aspect of what a change from the Wallace plan might offer to the cotton farmer of America. Is it worth consideration? Let us see if it is. The economists estimate that the farm income under this program will be increased to \$15,000,000,000. If that is true, and according to the formula by which they go in estimating the value of a national income, a small or a large one, the constant is 7.55, and you multiply the increased farm income by this constant of 7.55, and you will have an increased national income amounting to approximately \$100,000,000,000.

At this time we have about \$60,000,000,000 national income. Now, what will that do? I will tell you what it will do. It will put every business institution in America to work. It has been demonstrated that we have no surplus of cotton. We do not have any surplus of wheat. We do not have any surplus of any kind of farm commodity. We simply have a lack of money with which to buy those things that we need in our homes—things that we need to eat; things that we need to wear; things that we need to live comfortably and decently on. We cannot get it because we do not have the money with which to get it. We cannot get enough money out of our farm products to buy those things. What are you going to do as Members of Congress? Are we going to do as we did here yesterday? You know, it is almost pathetic to think that this House on yesterday spent a full half day in an effort to make it possible for some doctor out in Ohio to sell his asthma cure through the mails without revealing its medical contents. We spent that time; we grew eloquent, and we waxed warm. You would have thought that Congress had some important piece of legislation before it for consideration; yet over here the Committee on Agriculture, those good men, were dealing with the happiness and welfare of 40,000,000 people in distress, and we were sitting here on the floor of this House fiddling away our time that ought to be worth something, when we ought to be giving consideration to those 40,000,000 people who have never had any consideration from the Congress of the United States.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MASSINGALE. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman from Oklahoma, as usual, makes valuable contributions to the discussions in the House. The gentleman is a real student of our economic problems in a practical way. The statement he has just made with reference to the condition of agriculture is an honest expression on his part of the effect of the present policies for agriculture in this country. One of the purposes of the bill we have before us, when it was originally passed in 1934, was to raise farm price levels; that it would in-

crease our exports of farm products; in fact, that the farmers would get restoration of the 1926 price levels. The gentleman is honest, I know, and he admits in his statement that that has not been accomplished.

[Here the gavel fell.]

Mr. REED of Illinois. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. AUGUST H. ANDRESEN. The gentleman has pointed out that it is the duty of Congress to get down to business and to pass constructive legislation that will aid agriculture. Is it not equally our duty also to repeal undesirable legislation which has been a detriment to agriculture after years of experience?

Mr. MASSINGALE. Oh, I wholly agree with the gentleman.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MASSINGALE. I yield.

Mr. SCHAFER of Wisconsin. I signed the petition to discharge the committee on the cost-of-production bill, but I am very much alarmed about the effect. If you raise the price of cotton to the producers of America will you not have to put on a good embargo tariff to keep the cheaply produced cotton goods of South America from coming in?

Mr. MASSINGALE. That is provided for in this bill.

Mr. HOUSTON. Mr. Chairman, will the gentleman yield?

Mr. MASSINGALE. I yield.

Mr. HOUSTON. I am very much interested in the able remarks of the distinguished gentleman from Oklahoma at this time. There are approximately 400 Members of Congress here in the Hall at this time and I do not want to take up the valuable time of the gentleman from Oklahoma, but did not the Secretary of Agriculture testify that parity price payments would eventually give us the same results and benefits as the cost-of-production bill? I say, eventually. If that is true, why can we not have the cost-of-production bill at this time? I have filed three or four petitions from farmers in my district asking the repeal of the present farm bill. They are not satisfied with it and they want the cost-of-production bill. I am for the bill which the gentleman is sponsoring.

Mr. MASSINGALE. I thank the gentleman.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. MASSINGALE. I yield.

Mr. MARCANTONIO. May I make an observation along the line which the gentleman has just made, and add to it the fact that yesterday we had two quorum calls on the quack medicine proposition? Today we had a roll call on it. Three roll calls on that quack medicine proposition, and we could get a roll call on the proposition of \$150,000,000 for W. P. A. workers who are now being discharged all over the country.

Mr. MASSINGALE. I thank the gentleman.

Mr. HILL. Mr. Chairman, will the gentleman yield?

Mr. MASSINGALE. I yield.

Mr. HILL. Seeing that we are neglecting our duty with reference to this cost-of-production legislation, does the gentleman not realize that until the Committee on Agriculture reports that bill to the House we cannot act on it or discuss it? The gentleman praised the Committee on Agriculture; why does he not call that to their attention?

Mr. MASSINGALE. There has been a petition on the Clerk's desk for 2 or 3 weeks. Anyone has the right to go up there and sign it.

Mr. HILL. But the gentleman praised that committee for considering the bill. Why do they not bring it before the House?

Mr. MASSINGALE. I think they are doing good work on it.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. MASSINGALE. I yield.

Mr. CRAWFORD. Will the gentleman please give me the benefit of his opinion on this question which has come up in my study of the cost-of-production bill and the cor-

respondence I have had with farmers in my district relative thereto: Can we, as Members of Congress, endorse and support the reciprocal trade agreement program as it has been put into operation and as it is now operated, and at the same time carry on our shoulders and support and work for the cost-of-production bill?

Mr. MASSINGALE. Answering the gentleman from Michigan, I can only give him my own idea.

Mr. CRAWFORD. That is what I want.

Mr. MASSINGALE. I am a Democrat all right; but if I had my way about it, I would put a complete embargo on every single agricultural product unless it was raised in the United States of America. [Applause.]

Mr. CRAWFORD. I think the gentleman from Oklahoma can enlighten us still further and I would ask him: Is it or is it not true that we cannot carry the reciprocal trade agreement program as now operated simultaneously with the cost-of-production program as set forth in the gentleman's bill?

[Here the gavel fell.]

Mr. EBERHARTER. Mr. Chairman, I yield 1 additional minute to the gentleman from Oklahoma.

Mr. MASSINGALE. Not unless it is revised. I may state to the gentleman that I think the farmer is in the worst economic position today in which he could be placed. There is in front of him the tariff that forbids him or denies him the right to trade anywhere except to buy his stuff here at tariff-protected prices from the manufacturing classes of the country. On the other hand, you have behind him the trade agreements which open a hole in the tariff wall for certain classes of people in America but not for the farmer. Now unless you give him something like the cost of production I do not believe there is any hope for him, any escape for him; and that is why so far as I am concerned I ask the passage of this bill, and I do not care how big a hole you have to make in the tariff wall or how many of the trade agreements you have to set aside in order to treat him right.

Mr. CRAWFORD. And the gentleman's bill is so designed that if we were to put it in operation the reciprocal trade agreement program would have to be altered.

Mr. MASSINGALE. Yes. [Applause.]

[Here the gavel fell.]

Mr. MASSINGALE. Mr. Chairman, I ask unanimous consent to revise and extend my remarks at this point in the Record.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MASSINGALE. Mr. Chairman, on March 23 last, I addressed the House on the mechanics of H. R. 2371, which is the cost-of-production bill. On account of the time limitation, I did not have an opportunity to complete the discussion, and with the consent of the House, I shall at this time make a further discussion of the bill, particularly the mechanics of it.

I made mention of the fact that there are 2,400,000 cotton farmers in America that grow on an average of a little short of two bales of cotton each per year. The correct manner of figuring the money that one of these two-bale-per-year farmers gets for his two bales of cotton is to take 60 percent of his total production of 936 pounds of cotton, which is 561.6 pounds, at 8 cents per pound, which yields him \$44.93 for his entire cotton crop, plus his parity payment. On that, if he could collect 3 cents per pound parity that he was led to believe he could get on his 1938 crop, he would receive for his full production of cotton in 1938, 8 cents per pound for 561.6 pounds, plus \$16.85, parity, which would amount to a total of \$61.77. That is what he would get under the present Agricultural Adjustment Act, provided, as I stated, the promised parity payments are going to be made.

However, on March 28, the House of Representatives eliminated parity payments; that is, the House refused to appropriate \$250,000,000 for the purpose of meeting its promise of last year to the cotton farmers to appropriate money for parity purposes. Under the cost-of-production plan, as

provided in H. R. 2371, the farmer will sell one bale of his cotton and receive for it 27 cents per pound for the 468 pounds, assuming, of course, that 27 cents is the correct amount of the cost of producing cotton on an average. This will yield the farmer \$126.56 in cash.

We will have to assume again that for the remaining bale of cotton that is to be sold in the export trade, the farmer will receive 8 cents per pound, or \$37.44. Thus, the 2,400,000 farmers that produce on an average two bales of cotton or a little less, receive \$126.56 for the first bale and \$37.44 for the second bale, or a total of \$164, less what amount is necessary to pay for warehousing and for transportation on that part of the cotton that is held for reserve or sold on the world market. If we deduct the \$61.77—the total amount the farmer would receive under the present Agricultural Adjustment Act for the two bales of cotton at the average 8-cents-per-pound price—we find that he will receive under the cost-of-production plan \$102.23 more than he would receive for his two bales of cotton under the present program. Therefore, it will be seen that the 2,400,000 farmers who produce on an average two bales of cotton each, and who will receive \$102.23 more for their two bales of cotton under the cost-of-production plan than they will receive under the Agricultural Adjustment Act as it is now operating even with the parity payments, will have an increased income of \$245,352,000. Thus, the 2,400,000 cotton farmers who raise two bales of cotton each on an average will have an increased purchasing power per year of \$245,352,000, and in addition to this, the other 300,000 cotton farmers will have their purchasing power increased to the extent of more than twice the amount that the 2,400,000 farmers have their purchasing power increased, because the statistics show that the 300,000 additional cotton farmers control about two-thirds of the cotton acreage, and therefore ought to produce at least twice as much cotton as the 2,400,000 farmers produce.

Assuming that it is correct to say that we are going to produce 12,000,000 bales of cotton per year and that the smaller farmer produces 2 bales of cotton each, which would be 4,800,000 bales of cotton, the larger cotton growers, numbering 300,000 would grow the balance of the estimated 12,000,000 bales, or 7,200,000 bales of cotton, and it is fair to assume that the income of the remaining 300,000 cotton farmers would be at least twice what the income of the 2,400,000 farmers would be. Adding this amount, which equals \$490,704,000 to the \$245,352,000 that the smaller class of farmers receives, the income of all classes of cotton farmers would be increased under the cost-of-production plan by \$736,056,000, which will be a tremendous increase in the purchasing power that will be given to the cotton farmers of America alone, if the cost-of-production bill is enacted into law.

Of course, all growers of the 50 agricultural products included in the cost-of-production bill will have their incomes correspondingly increased somewhat in the same proportion that the income of the cotton grower is increased, and there will be added to the purchasing power of the farmers of the United States a huge amount of money. It is estimated by economists and statisticians that the cash income of the farmer will be more than doubled and that his annual income will be approximately \$15,000,000,000, if the cost-of-production bill is enacted into law.

A great deal of latitude is given the Secretary of Agriculture under this bill to operate it in a common sense and practical manner. He does not have to have aerial pictures made of the farms and of the various plots of cotton, wheat, corn, and other things growing on them. Nor will it be a complicated thing for him to estimate the average cost of producing any article mentioned in the bill.

He has the information available in the yearbooks and the census reports to do this work and to give the information to the farmers who are interested in growing the various kinds of crops. Congress need not worry about the average cost of any one of the products because, if the Secretary of Agriculture uses the information available, he will select a standard grade of each of the products and fix the price of all the variations in that grade by establishing one uniform

price based upon the grade and standard of that particular product; the under grades and superior grades will take their prices accordingly; they will follow the regular discounts and premiums of the market.

Some have offered the criticism that the Secretary of Agriculture, under this bill, may be given too much authority. I do not think so. Somebody has to be entrusted with the handling of legislation of this sort, and with such matters as the disposition of surplus products on the world market. Experience teaches that an orderly, systematic method of selling and distribution is important if the farmer is going to get the best price available in the world markets, and one man alone having the right to find the markets and make contracts of sale for these commodities will come about as near approaching uniformity, and will so systematize the method of disposition of the excess, or exportable crops, that the farmer will get the benefit of that orderly method of marketing.

I have personally criticized the philosophy of Secretary Wallace. I have never for a moment doubted his integrity or honesty in trying to find a way out for the farmer. I simply believe that his philosophy is false and that the American farmer is gradually being impoverished under its operation. As I have stated several times on the floor of this House, I believe that his philosophy, instead of inuring to the benefit of the farmer has been ruinous to him, and unless we depart from it there is very little hope for the farm home to be maintained in America. As far back as 1936 the Secretary of Agriculture testified before the Agricultural Committee of the House that from even then on there was no use of talking about raising the price of cotton by further curtailing the production, and it was his conviction that nothing could be done in the future for the American cotton grower by reducing acreage; and, of course, the same logic will apply to other crops than cotton.

Notwithstanding the statement Secretary Wallace made in 1936 about the futility of future attempts to increase farm prices by reducing acreage and production, the program of reduction is still in operation, and probably it will continue to be the practice as long as Secretary Wallace directs the Department of Agriculture, for it seems that he is unwilling to depart from the course admittedly incapable of producing a better price for farm products. It is up to Congress to direct the Secretary of Agriculture what to do, and if Congress has the courage to do it, I do not believe there will be any trouble with Secretary Wallace in carrying out the will of Congress.

Of course, the operation of the law during the past several years has embarrassed the cotton producer of the United States above the embarrassment that it has caused other farmers because of the huge surplus of cotton that we have not been able to sell in the world market. The failure to sell this cotton in the world market is due in part at least to the fact that the Government has loaned an amount of money higher than the world price on 100 percent of the cotton produced by the farmer, notwithstanding that a part of this same cotton was due to be sold in the world market at a lower price than the loan. The Secretary did not feel that he should try to dispose of this cotton so that the Government of the United States would take a loss on it. But that surplus is with us, and I am of the opinion that the surplus is there largely for the reason that the Government of the United States would not sell on the world market with a loss to the Government.

Other countries where cotton can be grown, such as Brazil, were economically bound to adopt cotton growing as a part of the program of that country. Other countries have followed or preceded Brazil in growing cotton because of the high price that America would have to ask for its cotton under the operation of the present law, and I am firmly convinced in my own mind that Brazil would not have displaced other crops and would not have stepped so boldly into the cotton-production business had it not been for the fact that our cotton program had so hampered our export-cotton business that other nations of the world began to look to countries other than the United States for their cotton supplies, and I understand the fact to be that Brazil has in-

creased its cotton production, in order to meet the world demand for cotton, better than eightfold, within a very few years.

I have made the statement that in my judgment the long continuance of the philosophy back of the Agricultural Adjustment Act would finally result in eliminating the American farmer from the cotton markets of the world. If we should eliminate America from the cotton markets of the world, it would mean a staggering loss to the farming population of the United States. If the result of the further continuance of the Agricultural Adjustment Act should go no further than to deprive the American cotton grower of any export cotton trade, it would mean a direct loss in lint cotton alone of anywhere from \$500,000,000 to \$800,000,000 a year. That is a huge amount of money to take away from the cotton farmer of the country when he has been used to it for generations. We ought not to suffer this probable disastrous thing to happen to the cotton-farming industry of America.

The cost-of-production bill further provides that the minimum price for any farm product coming within the terms of the proposed act shall be the minimum price at which such product can be lawfully sold—that is within the requirement for domestic uses. The estimated surplus percentages of products may be sold in export trade or warehoused and shipped to concentration points for distribution to other countries of the world at the world price. The farmer that raises this export surplus bears the entire expense for handling these export surpluses. When the Secretary sells these surpluses and pays warehousing, freight, and other charges for getting the products into the world markets, the balance is distributed by him through the Post Office Department and paid pro rata to the farmers that raise the export surplus products. This is accomplished by the Secretary of Agriculture's turning over to the Postmaster General the net proceeds of these foreign or export sales and the Postmaster General's paying to the farmer through the local post office his percentage of the net receipts of the sale of such articles in the world markets.

There is a penalty provided in the bill subjecting any dealer to both fine and imprisonment if he does not comply with the provisions of this cost-of-production program.

Another provision of the proposed Cost of Production Act takes all present and future Government-owned cotton as exportable surpluses, and the Secretary of Agriculture is directed to control the sale and distribution of such exportable surpluses. At this point, I may state that the general information that may be gleaned from cotton journals is that the factories of the world prefer to spin cotton grown in the United States. It seems to be preferred to cotton grown in any other country, due in part probably to climatic conditions and the chemistry of the soils where it is grown.

In order that the farmer may receive better economic treatment than he has heretofore received under any law that has been attempted to relieve his condition, this cost-of-production bill provides that the Secretary of Agriculture is directed that when he finds the world price, computed in United States money, of any foreign agricultural product or substitute shipped into this country to be below the cost-of-production price of any competing domestic agricultural product in its manufactured or unmanufactured state, the Secretary of the Treasury shall be notified thereof and thereupon it is his duty to levy and collect upon such foreign competing agricultural product or substitute, a duty equal to the difference between the world price and the cost-of-production price of such product, plus 10 percent of such cost-of-production price. The practical operation would be as follows, assuming, as we have in this discussion, that the cost-of-production price of cotton is 27 cents per pound, and that the world price of cotton is 8 cents per pound:

Cost-of-production price	Cents
World price	27.0
	8.0
New tariff	19.0
Plus 10 percent, cost of production	2.7
Total new tariff	21.7

This would mean that a person growing cotton in Brazil would have to pay a tariff duty of 21.7 cents for each pound in the bale of cotton that he ships into this country from Brazil. It means giving the American farmer the exclusive right to the American market for that portion of his cotton that is consumed in the United States.

This cost-of-production bill is not a radical bill. The group that sponsored it were very careful to avoid any very sudden or shocking consequences that might result from a departure from the Agricultural Adjustment Act to which the farmer has grown somewhat accustomed in the last few years. There are retained in the bill such matters as soil-conservation payments, the Federal Surplus Commodity Corporation, encouraging new uses and new markets for farm products, crop insurance, and loans on agricultural commodities. As to how long these provisions should be carried in the bill no one can tell yet, but according to the views of the authors of this bill it will not be necessary to carry them after the cost-of-production bill is put into operation, as we regard that no subsidy payments of any sort will be necessary to be provided for the farmer, as cost of production is worth more to him by far than the payment of any subsidy, more especially than the promise of a payment of a subsidy that cannot be fulfilled. There will be no necessity for any Government employees to attempt to regulate the management of individual farmers because each farmer will be his own boss. There is no provision in the bill for the destruction of the products of the soil because any farmer with the information that the Secretary of Agriculture will give him can use his intelligence to advantage and be advised as to what kind of crops and about what quantity it will pay him best to produce. The bill further has the provision in it to the effect that farmers may freely exchange their livestock with other farmers for the purpose of feeding and making ready for the market without coming under the terms of the bill regarding sale in interstate commerce.

Fundamentally the prosperity for agriculture in the United States means the prosperity of labor and every other kind of business. If the farmer is a prosperous member of society and is given a reasonable purchasing power, there will be no question about the increased consumption of all products produced on the farm and in the factories of this country, and, of course, that means that there will be increased distribution. More people will have money with which to buy the products of the soil and the factories. It is said that the farmer, when he is able to get the money, is the best customer of the heavy-goods manufacturing in the United States and that he consumes better than 40 percent in reasonably prosperous years of the output of all the textile mills in America and of the shoe factories and hat and clothing factories of America. I do not believe there are many Members of Congress, if, indeed, there is anyone in Congress, who does not know that there can never be a return to prosperity unless the great agriculture-producing class of the country can get at least what it costs him to produce the food and clothing for the people of the United States. The farmer should have more than the actual cost of production, and he will get it. The main point is to take from his back the heavy load that he has borne for years and give him enough income to enable him to raise to a higher level the national income, which higher national income is essential for a prosperous nation.

It was demonstrated on the floor of the House of Representatives no further back than the 28th day of March 1939 that the temper of Congress is such that it is not going to longer supplement the farmer's income by direct appropriation from the Treasury, and, as Secretary Wallace frankly stated, that is the only way that the operation of the Agricultural Adjustment Act would give the farmer near parity prices on but 5 of the 70 agricultural products produced in America. Congress refused on the 28th of March to appropriate money for paying so-called parity prices that were promised on these 5 products in 1939 if the farmer complied with the 1939 program.

True, parity on the five commodities included in the Agricultural Adjustment Act of 1938 would require at least

\$1,600,000,000 from the Treasury of the United States to represent the difference between the price level in the year 1938 and parity prices as computed by the Department of Agriculture for the same year. The farmer made compliance all right with the 1938 program, and he is starting to comply with the 1939 program. But he has not got his money, and he will not get that money for compliance unless there is a change in the attitude of Congress. It may be possible that when the bill which was considered here in the House on the 28th of March reaches the Senate the Senate will endeavor to keep faith with the farmer and see to it that he does get at least a part of the promised parity that Congress gave him to understand he was going to get if he complied with the many technical and not understandable provisions of the Agricultural Adjustment Act of 1938. What the farmer needs, what he is entitled to, and what common sense and equity demand that the Congress do for him is not so much to make grants on condition that he follow Secretary Wallace's philosophy, but give him a sensible, understandable, workable program that will give him for the first time in his life an opportunity to get the cost of production for his farm products. I hate to feel when I sit down to a meal that I am eating food that was produced by the sweat and brawn of some fellow American that the Congress of the United States prohibits from getting what it cost him to raise it. Under this bill the farmer will have an American market for the 50 products covered by the bill, to the extent that the products are consumed domestically. Why should he not have it? He is the only one in our economic set-up to whom this right has been denied and is now being denied.

Some talk that if the cost-of-production bill should pass, the cost of living would be too high. I have read several surveys and articles dealing with this question, and I am one of those who believe that there would be no appreciable rise in living costs in this country. But who would be so selfish and so foolish as to object to the other fellow's getting what is fair and right, even though it may cost a few cents more to live per month.

If you stimulate the income of the farmer to where it should be by giving him cost of production for the domestically consumed goods that he produces, the effect of this stimulant would increase employment throughout the United States, increase wages, increase the volume of sales, and would inaugurate an era of good feeling that we have not heretofore experienced. Secretary Wallace himself has made the statement that the only way to equalize the income of the farmer up to that of the average worker would require taking approximately \$6,000,000,000 a year from the incomes of the city dweller and adding it to the income of the farmer.

I disagree. The bill adds \$7,000,000,000 to the farmers' income, but takes that \$7,000,000,000, not from the urban dweller, not from a fixed paltry national income of the America of today—the source of the new \$7,000,000,000-farm income is from the new increased national income that this bill itself will create.

If this bill passes, we will have a farm income of approximately \$15,000,000,000. That will mean a national income in excess of \$80,000,000,000 and to near one hundred billion. Today the income of the Nation is only sixty billion—the new national income will be in excess of eighty billion. If the increase is fixed at only \$20,000,000,000, the farmer will receive approximately seven billion and the city dweller approximately fourteen billion. So this is a bill for urban prosperity as it is a bill for farm prosperity.

Secretary Wallace, before the Senate Committee on Agriculture and Forestry, testified that it was his judgment that the bill would increase the cost of living by a billion dollars. Let us accept the figure. That increased cost of living will fall one-third on the farmer of the Nation and two-thirds on the city dweller, for one-third of the population consists of farmers and farm workers. The farmer's increasing his income by \$7,000,000,000 will be compelled to spend \$330,000,000 in increased cost of living. The city dweller's increasing his income by thirteen billion will be compelled to spend an additional \$666,000,000. That is why I think that the bill is good for the farmer and good for the city dweller.

There is an additional consideration—that is, the Government of the United States. Instead of reaching into the Treasury for hundreds of millions for farm aid, if this bill raises the national income, say, to a minimum of \$20,000,000,000, and without assuming that it places an additional farmer under the provisions of the income tax or an additional workman under the provisions of the income tax, it is calculated that one-half of the increase of national income, or \$10,000,000,000, will flow into the channels of trade in a manner to increase corporate and personal income, taxable to at least the 4 percent of normal income tax, and thus yield to the Treasury an additional income of \$400,000,000.

Mr. REED of Illinois. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I invite the Members to come down and takes seats on the mourners' bench, because I have some bad news for you. So come right down front here close to me; let us have an old-fashioned vesper prayer meeting, because we need some stimulation and reaffirmation of faith. There is only one vacant seat down here. The gentleman from Kansas just remarked that there were 400 smiling countenances in this Chamber. I can see by the intensity of these countenances that they reflect the deep interest in the bill under consideration. I have a surprise for you. I shall depart from my usual custom and talk about the bill that is up for discussion today. [Laughter.] First of all I want to say very categorically that this bill ought to be defeated.

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MASSINGALE. Which bill?

Mr. DIRKSEN. The stabilization bill, the devaluation bill.

Mr. MASSINGALE. I thought the gentleman was talking about the cost-of-production bill.

Mr. DIRKSEN. One should not use superlative adjectives except in an advised manner. When I say that to me this bill is dangerous, disturbing, that it is potentially inflationary, I am using measured words and mean exactly what I say. I think, however, for a full understanding of this bill we ought to review briefly what has gone before since the market crash of 1929.

When the crash came on in all its intensity, as you remember, there was money stringency, banks began to pop like corks, there was monetary stringency in the country because of lack of liquidity on the part of banks. They could not take care of these heavy demand liabilities, and so the crash came in its full impact. There was a steady decline of prices.

This brings to mind a number of things we did in 1932. This Congress passed the Glass-Steagall banking bill. This bill did not give the Congress or the administration either, full control over the banking system, of course, but it did undertake to develop a kind of liquidity in the banks by extending the type of security that could be used for Federal Reserve banking. They put a moratorium upon reparations payments in the hope that that disturbing factor would not come into the picture. There was a moderate expenditure of public funds in the hope that it would do some good. More money was placed into circulation, but I am free to admit as a Republican that the measures of President Hoover and that Congress did not prove efficacious, because the price declines continued. Probably we did not go far enough, I do not know, but the country itself got the jitters from too many monetary manipulations, and so the decline continued. The general fear which persisted in the country and the Michigan bank holiday only aggravated the economic jitters of the people and the deflation continued in all its fury.

Then came the present administration, and I want to say to you that the wizards of wampum, as I call them, dished up the most curious admixture of amazing monetary manipulations that the world has ever seen. We started in with a banking bill and suspended the redemption of Federal Reserve notes. We passed the Gold Reserve Act of

1934. Then followed the terrible Thomas amendment on the Agricultural Act of 1933 which empowered the President to issue \$3,000,000,000 of greenbacks. Then came this hideous monstrosity known as the Silver Purchase Act of 1934. Then there were some control measures, the N. R. A., for instance, and the A. A. A. I think one of the mistakes these experts down at the other end of the Avenue make is that they do not even attempt to dissociate the effect of those control measures and the effect of the monetary measures. After all is said and done what is the result? There has not been any sharp or sustained increase in the price level; as a matter of fact, it has been going down right along. When it comes to evaluating the effect of all these monetary measures in terms of prosperity, after all that is the only thing we are interested in.

I am not one of these money experts. I am very much like our good old friend, Finley Gray, from the Wabash, who was a Member of this House. He stood down here in the Well of this House and said, "There are only 13 men in the United States who understand money and I am not one of them." Well, I am not either, but I can interpret this in terms of prosperity, if you please, and everybody else does the same thing. If the melodious tinkle of the dinner pail is the yardstick of prosperity, I will say that all of these manipulations have been a strident discord up to this time. If farm prices are a measure of prosperity, it has been a dismal failure. If contentment and the well-being of the country is a measure of prosperity, then all I can say is these monetary measures seem to have enlarged our wretchedness and our misery. So blithely now the administration comes along in the face of all of that and says, "Please extend these powers until June 1941."

What are the reasons? I read the testimony of the Secretary of the Treasury and I want to say that it was pretty meager testimony. He stated, "Let me continue with the stabilization fund because of the uncertain international picture." He said, "Let me continue with this devaluation business because of the floating content of gold in foreign currency." He stated, "Give us this silver power for a little while longer," for no reason at all.

I am against it. I believe this bill ought to be defeated and I think it is the patriotic duty of this Congress to defeat the bill. There is a very good reason for that. There are, in fact, many reasons.

The first reason is this: It should be called both a stabilization and an unstabilization bill. How are you going to devalue, for instance, our currency or our gold by another 10 percent without creating a disturbing factor in our own market, which has a repercussion on foreign currencies? It is no wonder he said to us, "I have to have the stabilization fund, because if we make use of the available power for further devaluing it, that will be unstabilizing, then I will need the stabilization fund to stabilize."

What a beautiful paradox, if you please. You cannot escape the irresistible logic of that position. The Nation seeks stability, not instability. It seeks sanity. It seeks steadfastness. Yet here we are asked to continue a power of devaluation, which, if used, can only add to the instability we have experienced these many years. So why grant it?

Secondly, I think the bill ought to be defeated because we have gotten to the point where we should not make a grand and generous gift of dollar exchange to foreign countries. There were some figures adduced by a man who knows more about foreign trade than anybody else, in my opinion, because he was special adviser on foreign trade to the President. I refer to George Peek, who was the first Administrator of the Agricultural Adjustment Act. Go dig out his figures. They show, for instance, in the years from 1928 to 1933 that about 70,000,000 ounces of gold went over to France at \$20.67 an ounce. Then he shows that in 1934 and 1935 about 35,000,000 ounces of gold came back at \$35 an ounce. So we are even with the board in dollars and cents. The point is, however, that 35,000,000 ounces of our gold are still in France, having a value of one and one-quarter

billion dollars. That is an outright gift of exchange. We might just as well have sent them a billion and a half of cotton, wheat, or some other tangible commodity as to hand over this dollar exchange.

Mr. Chairman, that is unfair to the American people, in my judgment, and I am not going to be a party to handing any more millions or billions to people in foreign countries, without value received.

With respect to this silver purchase, I have heard the argument—and it is a specious argument that you gentlemen make—that these silver purchases cost us nothing because we grab half of it and put it into the Treasury in the form of seigniorage. In dollars and cents it costs nothing. But do you not see the cost is deeper than that? We already have nine hundred million in silver certificates in circulation, and the cost lies in the effect of an artificial inflation of the price level. Why, it is just as plain as the nose on your face. How are you going to put this into circulation without giving an artificial stimulus to the price level? Who pays? Why, the American people. What difference does it make whether you dip into the Treasury and pay it or you pay for it through the instrumentality of the great American pocketbook?

That is not all. Let us look at the danger of this thing. The 1934 Silver Act is not involved here, except to the extent that silver generally is involved. That act provides that silver certificates have to be issued at least to the extent of the cost of the silver. Nobody will quarrel with that because that is the law and that is the interpretation. But what about the seigniorage? It is in the Treasury. There is not a thing in that law to prohibit the Secretary of the Treasury from issuing silver certificates against the seigniorage. If he does, do you not see what can be done? The Secretary of the Treasury can very quietly inflate under the Silver Purchase Act in a manner he would not dare to under the Thomas amendment, which provides direct inflation to the extent of \$3,000,000,000. Very curious, is it not? If a bill to grant authority to the Treasury to inflate the currency directly by issuing \$1,400,000,000 of silver certificates against the seigniorage were before us, most everyone in this House would oppose it. Yet the Treasury has that power today, and it is now proposed to confer additional uncertain monetary powers.

When I see all this monetary manipulation, it reminds me of a story of a chap who had an old mule. The mule got obstinate and balky one day and laid down on the pavement.

He could not do a thing with him. Sam built a fire under him, but the mule would not move. Finally a veterinarian came along and Sam says, "Doctor, can you make this mule move?" He said, "Sure," and reached into his veterinary kit and gave the mule a couple of squirts in the hind quarters and he started down the street lickety split. Sam asked the doctor, "How much was that?" The veterinarian said, "Oh, about 10 cents." Sam says, "Here is 30 cents. Give me a couple of shots. I want to catch that mule."

That is what we have been doing by inflating and deflating up and down so far as our monetary system is concerned. The result measured in realistic prosperity is what? Eleven million four hundred and seventy thousand men out of work, according to the American Federation of Labor's figures for February of this year; corn selling for 39 cents track price, way out in the good and mellow Corn Belt of this country. Oh, you will not say that is prosperity. Then why continue these powers of stabilization and devaluation that have proven so abortive?

To get to the crux of this thing on stabilization, how funny it is that in February, to be exact, February 16 of this year, we did not pay much attention to the broadcast of Fulton Lewis, the commentator. That was the afternoon that Wayne Chatfield Taylor, of Illinois, Assistant Secretary of the Treasury, resigned. I have here a transcription I managed to get of the speech of Fulton Lewis on the afternoon of February 16. This is what Mr. Lewis had to say:

Now we've had one development here today that's excited a good deal of curiosity . . . because it's a new flare-up in an old trouble spot. . . .

Quite abruptly, the Assistant Secretary of the Treasury, Mr. Wayne Taylor, announced this afternoon that he has sent his resignation to the White House, effective February 28.

I say that's a "new flare-up in an old trouble spot," because on four previous occasions, since the New Deal came into power, very high officials of the Treasury Department have resigned, because of disagreement with the financial policies of the Treasury.

First, there was Mr. Dean Acheson, the Under Secretary. * * * Then came Professor Sprague, who was an Assistant Secretary, if I remember correctly * * * he had formerly been a financial adviser to the Bank of England.

Then came another Under Secretary, Mr. Thomas Jefferson Coolidge. * * *

No. 4 was Mr. Morrison Shafroth, the general counsel for the Bureau of Internal Revenue. * * * He resigned in protest to the Treasury's policy of using taxation as a whip to accomplish social purposes.

And finally today came the resignation of Assistant Secretary Taylor * * * and as it turned out, late this afternoon, he also resigned, because he could not continue to go along with the financial policies of President Roosevelt's administration.

He admitted that to newspapermen this afternoon * * * he was rather reluctant about it, but he said he cannot agree with present policies.

And when he was pressed for a few specific details, he made the remark that excited the particular curiosity. * * *

Mr. Taylor happens to be the gentleman in the Treasury Department who has charge of the so-called gold stabilization fund of \$2,000,000,000. * * * that's the fund that was given to the Treasury Department for operations in the world money markets to keep those markets on an even keel * * * and in the last 10 days it has figured very prominently in the controversy over the President's foreign policy.

Senator LODGE of Massachusetts charged that it was being improperly used * * * he intimated that the Treasury is using that fund to lend money to France to buy fighting planes here in the United States. * * *

Secretary Morgenthau promptly denied that. * * * But this afternoon the resigning Mr. Taylor, who has charge of that fund, said one of his strongest disagreements with the Treasury Department has to do with "loans to foreign countries."

He was immediately asked: "Are you talking about loans to South American or Central American countries?"

Mr. Taylor replied, "I am not."

Then he was asked, "Are they loans to European countries?"

And Mr. Taylor answered: "That's all I have to say."

But he did say a little more than that privately. * * * He was shown an official statement, issued by the publicity office of the Treasury Department, * * * a statement which said that the gold-stabilization fund has been used only for buying and selling purposes; * * * that it has not been used for any loans.

And he said: "I don't care where that statement came from. * * * It is not true."

And the question now seems to be: "What is the next move of Senator LODGE?"

The inference is what? That this stabilization fund has been used to make loans to European countries. What for? The Congress has a right to know. We should not continue this fund or any other monetary power until we do know. Were loans made in violation of the provisions of section 10 of the Gold Reserve Act to France to buy munitions? Were loans made to Great Britain for that purpose? Are they using this fund, as the gentleman from Texas said the other day, to suck us into the European caldron? I am afraid so. This is Mr. Wayne Chatfield Taylor speaking, who administered this fund, and who resigned on the 16th day of February 1939, and he leaves no other inference except that this fund has been used in violation of law to make loans to foreign countries. Are you going to confer that power until 1941 on the President? I do not know what course you will take, but as for me, if I am the only Member of the House to do so, I shall vote against it. [Applause.]

Note several things in this statement: First, there is the statement that Mr. Taylor had charge of the stabilization-fund operations. Then note that Mr. Taylor said that "one of his strongest disagreements with the Treasury Department had to do with loans to foreign countries." When pressed for an answer as to whether he meant South or Central American countries, he said: "I am not." Obviously he meant European countries. Then, when shown the statement from the publicity department of the Treasury that the stabilization fund had not been used for loans, he said: "I don't care where that statement came from * * * it is not true."

There's the story. The stabilization fund has been used for making loans to foreign countries, according to Mr. Taylor.

And if loans have been made to France, Britain, and other countries who are still indebted to us for the last war, what about the Johnson Act, passed and approved on April 13, 1934, which forbids any person in the United States, under a penalty of imprisonment and a \$10,000 fine, from making any loan to a foreign country which is in default on its obligations to the United States?

Is our own Government now making loans out of this secret fund to defaulting nations when it specifically forbids its own citizens to make such loans?

And for what purpose are these loans being made, if they are being made?

Is the money being used to purchase munitions and war supplies? Is this stabilization fund the means whereby we shall be sucked into the European mess?

Are we having a repetition of 1914 to 1917, when we extended credits to the warring nations of Europe, then made private loans, and then found the Government itself making loans in the billions because private credit could not handle the load?

Section 10 of the Gold Reserve Act of 1934 states that for the purpose of stabilizing the exchange value of the dollar, the Secretary of the Treasury is authorized with the approval of the President to deal in foreign exchange and gold and such other instruments of credit and securities as he may deem necessary to carry out the purpose of this section. Where, under this language, is the authority to make loans?

If the Treasury has been making loans to foreign countries, has it not been doing so in clear violation of the law? Should not the Congress have a complete accounting of this whole matter before this authority is continued?

All this goes back to the flare-up in February, when there was some intimation that funds were being loaned to France to purchase fighting planes.

Must we believe, in view of Mr. Taylor's statement in connection with his resignation, that such was actually the case?

This fund may yet be the instrument whereby the United States may be dragged into European conflict, and since the people of this Nation are determined to remain free from foreign controversies, the patriotic thing to do with respect to this dangerous bill is to defeat it by an overwhelming majority.

Mr. REED of Illinois. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I am not sure that I shall need the full 10 minutes, because I do not want to go into the technical ramifications of the creation of money, control of exchanges, and all that goes with it. I simply wish to make a few remarks with reference to the trade angle of this program, which, in my opinion, operates very closely in conjunction with the reciprocal-trade agreements that have been put in operation in recent years.

On April 17, this week, I took from the Journal of Commerce, of New York, this startling full-page statement which I here hold in my hands, the text of which reads:

When you purchase Japanese goods you enable Japan to buy more from the United States.

Japan is a major purchaser of American goods. She is eager to buy larger quantities of cotton and other products from the United States. To do this she must sell to America to obtain the foreign exchange with which to pay for her purchases. By buying Japanese goods you create a market for more American products in Japan.

This statement is signed by the Japan Foreign Trade Federation, and there are shown in the advertisement the names of the executive directors and general directors. Then there are listed the members making up the Japan Foreign Trade Federation, in all cases there being given the name of the association and the president of the association. If the Members of the House are interested in reading a new type of literature in connection with the financial pages of the papers of this country and wish to connect it with the ebb and flow of goods in the channels of international commerce and the creation of foreign exchange, with which the bill we are today discussing deals, I suggest that you analyze this advertisement very carefully and see how it affects the industries which operate in your congressional districts.

It is very interesting to me that this ad appeared in the morning papers the day before we started debating this particular bill. It is my firm opinion that the shrewdness of the Japan Foreign Trade Federation fitted the appearance of this ad to the discussion of this bill.

The ears of the people of this country are listening the last 2 or 3 days to what Congress has to say about the stabilization of foreign exchange, dollar exchange, pound sterling exchange, yen exchange, franc exchange, and the

other exchanges which operate along with the flow of goods of the major commercial powers of the world. I wanted to get this information in the Record in connection with the study we have been making here the last day or two.

The Japanese say:

To do this she must sell to America to obtain the foreign exchange with which to pay for her purchases.

I repeat, the ad says:

By buying Japanese goods you create a market for more American products in Japan.

Incidentally, in buying Japanese goods we take dollars that would otherwise buy American goods and send the dollars to Japan. As far as I am personally concerned, I would prefer that our own people buy goods produced by workers who have jobs in this country, keep their dollars at home, save the commission and freight costs, and support home industry.

The other day, in a very carefully prepared statement released under date of March 23 by the Secretary of the Treasury, the Secretary made this interesting observation:

If the reduction made in the price of gold were small, our trade and service balance would not be much affected over the next year or so, nor would the inflow of capital cease. Once the drop in the price of gold was regarded by the rest of the world as definitive, the subsequent effect on capital imports would be virtually nil. Our securities would continue to be bought for the same reasons they are bought now, and the dollar balances on foreign account would also continue to increase for the same reasons that they are increasing now.

The Secretary of the Treasury continues and says:

You will note our exports during January 1939 were more than 40 percent less than they were in January 1938. Although it is too soon to evaluate the full significance of the decline, it is not unreasonable to assume that the less favorable position of the dollar in terms of other currencies contributed to the drop in exports.

May I ask why did not the Secretary and the President so manage the exchange fund as to prevent decline of 40 percent in our exports?

Going a little further and adding another little chapter to this disconnected presentation, I want to point this out. There has just been furnished to me by the American Automobile Association, with offices here in Washington, a most interesting statement which follows an inquiry that I threw out the other night as a result of an address made by Edgar W. Smith, vice president, General Motors Overseas Corporation, New York City, broadcast on Farm Forum program over station WGN, Schenectady, March 13, 1939, in which he was eulogizing the reciprocal trade agreement program, as I interpreted it.

I inquired of the association as to what the exports of automobiles, trucks, and busses were to Cuba during the last 2 years. For 1937 there was a total of 7,187 motor vehicles exported, for 1938 a total of only 3,561 vehicles exported, and, if you desire, you can confirm these figures by referring to the statistics prepared by the Bureau of Foreign and Domestic Commerce. I again make the inquiry: Why were these exports permitted to drop? Did not the President and the Secretaries of the Treasury and State Departments have all of the powers to manage exchange and were not the reciprocal-trade treaties with Cuba and other countries in full operation?

In one county in California, and I am awfully sorry my California friends are not here to hear this, where the farmers grow sugar beets you have registered as new automobile passenger cars alone, sold for 1937, 1,781; and for 1938, 787.

I have here a list of some 50 counties where your friends grow sugar beets, and I bring this in because, first, I am friendly to sugar, and secondly, because it has to do with dollar exchange, imports and exports, reciprocal-trade agreements, and I may say to my friend from Oklahoma, Judge MASSINGALE, cost-of-production legislation. I bring it in to show you people who have, perhaps, not looked into the figures, that in only 36 sugar-beet-growing counties in the United States, having a rural population of over 50 percent

of county total population, you sold to your people in those counties alone in 1937, 30,397 new passenger automobiles, and in 1938, 13,480. These are registrations of new cars. Consider that in connection with the address of Mr. Smith, with the Japanese advertisements, the total exports and the total registrations in the island of Cuba, of all kinds of motor vehicles, what the Secretary of the Treasury has to say and the debate on this bill. It might be advisable for the automobile industry to keep its eyes on the market for passenger cars in the United States and not become too enthusiastic about what can be sold to Cuba and other Latin American countries when the program calls for the destruction of a great portion of the home market. I join with my friend from Illinois in opposing the bill as here presented, and I do not know of any practical way we can amend it under present conditions that would cause me to vote for the bill, and we say this in advance of a roll call.

[Here the gavel fell.]

Mr. COCHRAN. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, a moment ago the gentleman from Illinois [Mr. DIRKSEN], made a statement in reference to the use of the stabilization fund. In reply I want to quote from page 43 of the hearings. The gentleman from Minnesota, Mr. AUGUST H. ANDRESEN, a member of the committee, asked the Secretary of the Treasury this question:

In connection with the stabilization fund, has any of the stabilization fund been used in any manner to finance a foreign government in the purchase of armaments or any other war supplies.

Secretary Morgenthau replied as follows:

I can answer that under oath at the present time "No," and I will answer further, as long as I am Secretary of the Treasury and as long as Congress gives me that responsibility the answer is "No." I answered yesterday to it before the Senate Committee and I would like the privilege of answering here again. If we ever become involved in any war, I would come to this committee and to the committee of the Senate and ask for guidance and direction as to how I should conduct myself in relation to the stabilization fund.

I think this clearly answers the statement of the gentleman from Illinois; and, furthermore, I called the Treasury Department by telephone a moment ago and it is the opinion of the Treasury Department officials that the former Assistant Secretary, Mr. Wayne Taylor, had never made the statement attributed to him.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I yield.

Mr. COCHRAN. For purposes of the Record I want to make it clear that the quotations I made were quotations made by Mr. Taylor himself to Fulton Lewis, used in a broadcast in which he virtually gives the lie to the publicity section of the Treasury Department and says that loans were made. I did not say they were made for munitions. I am wondering, like the rest of the Congress is wondering, what the loans were made for.

Mr. COCHRAN. Is not the gentleman from Illinois willing to accept the statement of the Secretary of the Treasury that I just read?

Mr. DIRKSEN. I am not willing by indirection—

Mr. COCHRAN. Then there is no use arguing with a Member of the Congress—

Mr. DIRKSEN. Let me finish my statement.

Mr. COCHRAN. Who is not willing to accept the statement I have read that the Secretary of the Treasury made before the House and Senate committees and agreed to make under oath if requested?

Mr. REED of Illinois. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, may I say to the Committee that Wayne Chatfield Taylor is one of the most honorable men in the State of Illinois. He comes from a very fine family, and he has a very distinguished record. I am not willing to disbelieve Mr. Taylor as against any other official of the United States Government today. That is the answer.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. SOMERS of New York. Mr. Chairman, I yield 9 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, I want it understood that in what I have to say on this bill I am discussing exactly the bill that we have before us. I am not talking about what I would like to see done in connection with monetary matters, but I am going to try to see if we cannot get our attention fixed on exactly what this bill proposes to do and why it is an important bill to have enacted into law. In the first place, it is necessary to notice, I think, in view of some of the recent discussion, that the bill requires that reports on the handling of the stabilization fund should be made to Congress in the future.

The second point I make is that the important things concerned with this bill are matters having to do with foreign trade. I made reference earlier this afternoon to remarks of my own in the RECORD on Monday. You will find there what is called a program for monetary reform, by some of the most eminent economists in America, in which they discuss the gold question and say that gold undoubtedly has outlived its usefulness as a standard for the Nation's currency, but however, that gold is still important in matters of foreign exchange.

I do not believe this matter should be decided upon the basis of whether you are for or against President Roosevelt. I think it ought to be decided upon its merits. Neither do I think it justifiable to say that these powers are bad because these powers are given to the President, because no one has stood on this floor and indicated in one solitary respect any tendency on the part of the President to abuse these powers in any way whatsoever. It is important to consider what the alternatives are to a continuation of these powers. Either you are going to have to say that you are never going to change the present gold content of the dollar, and therefore that you are going to leave this Nation, insofar as its foreign trade is concerned, directly at the mercy of other nations, or else you will have to delegate those powers to some other body or agency. As a matter of fact my own belief is that they should be delegated to a central monetary authority under the direction of Congress, but that has not been done, and in the absence of that I for one believe that there is no place for them to be lodged better than in the hands of the President of the United States.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. Well, I have a very short time but I yield to the gentleman.

Mr. AUGUST H. ANDRESEN. Would the gentleman be willing to give those powers to any other President than to President Roosevelt?

Mr. VOORHIS of California. I am very glad that the gentleman asked me that question, because I have a way of having confidence in the Presidents of the United States, and I think that in the present difficult situation in the world, one of the most unfortunate things that has happened in this country is the tendency on the part of some people—and I have no reference to the gentleman from Minnesota—to attack the present occupant of the White House, not on a factual basis at all, but on a basis of pure prejudice. I think that is most unfortunate. I think we have to fight our political battles, of course, but I do not believe it is well to carry them to such a degree that it may have a tendency to weaken the natural, normal, healthy allegiance of the people of the United States to the President, whomever he may be. [Applause.] In other words, in the absence of a better arrangement in handling these things, I prefer to have such power lodged in the hands of the President rather than in the hands of the international bankers, where practically they would otherwise reside, I feel confident.

Mr. AUGUST H. ANDRESEN. Would not the gentleman believe it is better to have it lodged in the hands of the Congress?

Mr. VOORHIS of California. The answer to that is that I have a bill myself before the House, which I am trying not to discuss at this moment, which would place these powers

and other powers in the hands of a monetary authority acting directly under the mandate of Congress.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. Well, I have such a short time, but I must yield to my esteemed colleague from California.

Mr. THOMAS F. FORD. I just want to say that the American Farm Bureau Federation today addressed to Congress a petition in which they respectfully urge our support of a continuance of the power to protect the currency—

Mr. VOORHIS of California. I thank the gentleman very sincerely for that contribution at this point. The gentleman from Iowa read portions of that statement also, and I think it is an excellent one. The real point at issue is this, that the higher the price of gold, in terms of our dollars, the more exports the industries of this country are going to be able to make; and keeping our dollar cheap in terms of gold means keeping our dollar cheap in terms of foreign exchange.

That means that dollars are easier to get, and that more goods are likely to be bought in the United States. It also means—and this is most important and probably explains the reason for the Farm Bureau position—it also means that American producers will be paying their cost of production in dollars more nearly equal in value to those in which foreign producers produce their goods.

Now, complaint has been made by some of the gentlemen opposed to this bill that the prices in this country are inordinately low, and in the very next breath those gentlemen have said that there was "danger," in their opinion, that we would actually use the idle gold or silver that belongs to the United States as a basis for additional issuance of currency. I cannot make those two statements come together at all. I am furthermore reminded of the fact that those same gentlemen do not complain about the fact that at present it is possible, under our present law, for the private bankers of this country to conduct an inflation of bank credit on the basis merely of their excess reserves, amounting to somewhere in the neighborhood of \$20,000,000,000. It seems we only become alarmed about these matters when it is proposed that government, in the name of the people, shall issue some money.

The question may be asked whether it is wise for this country to purchase unlimited amounts of gold at a certain price, but the question cannot reasonably be asked whether or not the President should be able to change the gold content of the dollar if it becomes necessary in view of any given situation. For unless he is able to do that, here is what may well happen: Some nations of the world may devalue their currency in serious fashion. If that happens it will then mean a lowering of foreign production costs in terms of dollars and inevitably a tremendous stimulation of importation into this country, and a virtual stoppage of all exports out of this country. We have got to be in a position to prevent that from happening, and that, to my mind, is the central purpose of this measure.

Now, we hear three things said many times on this floor. One is that we want to restore the world markets to the American farmer. I am for that. Then we hear it said that everything is all wrong because we are importing this, that, or some other kind of goods from some country. Then we hear criticism about the program of purchasing gold and silver.

As an aside at this moment, may I say there is no danger of any of the nations of the world saying they will not recognize any value in our gold so long as those nations want our goods and so long as we are ready to accept gold. That is just axiomatic. If they can get our goods by paying gold for them they will want gold for foreign-exchange purposes.

But how about these three propositions? You cannot possibly restore world markets to American producers unless you either import goods or purchase these precious metals and thus enable purchasers in foreign countries to obtain American exchange. In other words, you are taking

your choice. I readily admit that the purchase of silver and gold at high prices from foreign countries is a subsidy to the producers of those metals, but it is a subsidy that is given in order to assist the American producers of goods in their export business. That is what it is for. If we want to abandon our effort to build up our exports, then and only then should we object to the provisions of this bill.

Without getting into a technical discussion I do want to say a word about our method of handling the gold and silver which has been purchased and which is now "free" in the sense that no outstanding claims exist against it. We have in round figures something over \$3,000,000,000 of idle gold and silver in the Treasury which has been bought and which ought to be put to work for the American people. This, of course, does not include any of the gold against which gold certificates have been issued and given to the Federal Reserve banks, neither does it include that portion of the silver against which certificates have been issued, nor more recent inflows of gold which have been, in effect, turned back into the banking system in the form of additional reserves in the form of gold-certificate credits. I am only talking about the gold and silver which is absolutely free of any claim against it at all.

How can we in the best way put this "free" gold and silver to work for the people of the country, who, after all, have bought and paid for it?

Let us first be clear on one or two fundamental points. Purchasing power, of course, does not really exist apart from goods and services—that is, real wealth. When we talk about the purchasing power of the dollar we mean the amount of goods and services it will buy. However, many dollars we had, if we had no goods and services, the dollars would, of course, be worthless. The important thing therefore is the relationship between dollars on the one hand which represent purchasing power, and real wealth, or we may say, real purchasing power in the form of goods on the other. The volume of goods and service produced in any given year not only represents the total active buying power which the people of the country can have but it also represents the total active buying power which they must have if these goods and services are to be sold and if therefore we are to avoid depression. Monetary measures are therefore basically important as a means of seeing to it that the means of exercising purchasing power—money—keeps pace with the actually available purchasing power tied up in goods and services. I am convinced that only a governmental agency concerned with the general welfare can or will maintain this necessary balance. Goods and services, or the power to produce goods and services, represent actual or potential income or buying power to the people; but their presence unfortunately has never yet been the measure of the amount of actively circulating money in existence in the country. In other words we have never yet controlled the volume of our money in such fashion that it would reasonably correspond to the need of the national economy for money. People have shouted that for the Government to issue money against this gold or silver or against its own credit would per se be inflation. That is not necessarily true at all. On the contrary if there exist side by side idle plant and also hungry consumers it is very likely that a serious deflation of active money is one cause of the situation and that an issue of money put into circulation through people in need of goods would operate only to restore a balance between the power to produce and the power to consume.

For these reasons a return to the gold standard would undoubtedly render our situation worse instead of better, for it would mean betting the national welfare that the increase in gold supply would accurately correspond to the increase in productive capacity of the country. The chances are 1,000 to 1 we would lose the bet. For the same reason, to continue to defend, as we now do, on the creation of demand bank deposits through the contraction of commercial debt for our supply of money is indefensible. What we need is a scientific control of our money supply so it will correspond to our need for money—that is, to our power to produce goods and services.

The bill before us concerns this only indirectly. As I have said, I am for the bill. As long as we seek foreign trade at all these powers must be lodged somewhere to protect our people against the effects of fluctuation or manipulation of foreign currency.

But I do believe that we should make use of this gold and silver which belongs now to the United States. My own idea would not be to spend this gold or silver directly but, rather, to use the so-called "free" gold and silver as a credit base for a revolving fund out of which loans at very low interest could be made to such groups as hard-pressed farmers, small businesses, and people who would like to own homes but cannot afford them at present interest rates. In this way we would avoid completely the issuance of bonds and the purchase of private-bank deposits therewith in order to finance such loans. This method might also be used—and, I think, should be at present—to finance some of our revenue-producing public works or to purchase bonds of States, counties, and cities issued for the purpose of carrying on public works, in which case these bonds would only need to bear a nominal-interest rate.

These proposals would not, in my opinion, by any means solve our problem. They would help. They would be a means of increasing the demand for goods in America, of stimulating business, of matching to some degree our productive capacity with increased consuming power, and they would do these things without increase in national debt.

The CHAIRMAN. The time of the gentleman from California [Mr. Voorhis] has expired.

Mr. REED of Illinois. Mr. Chairman, I yield 8 minutes to the gentleman from Missouri [Mr. Short].

Mr. SHORT. Mr. Chairman, it cannot be denied that President Roosevelt took office in March 1933 at a critical time in our Nation's history. No President ever entered the White House, however, with more solid or almost unanimous backing of the American people than did he. He asked for and was given united support of the American people, both in and out of Congress. For over a year under the first New Deal administration, Republicans on this floor and in the other body voted, often at times against their own best judgment, for New Deal measures, hoping against hope that somehow, in some miraculous manner, those measures would work out successfully, and they were perfectly willing, out of patriotic impulses, to give all credit to the President and his administration if they did work. Very few Members of Congress, very few Americans, objected to these vast, extraordinary powers granted the President, under the cry of emergency, but many of our cool-thinking citizens today do object to a continuance of those excessive powers long after the emergency has passed. My opposition to the pending bill is based not upon my dislike of Franklin D. Roosevelt but upon the fact that it gives to the President more power than any good man should want and certainly more power than any bad man should have.

The question before us today is one that vitally affects the whole fabric of our Government. When the Congress granted the President these vast discretionary powers under pressure of a crisis, he assured, if he did not guarantee it, that those powers granted under emergency, would be exercised only as temporary powers, but it is now crystal clear and evident to everyone that this administration is deliberately, stubbornly attempting to make those powers permanent. Few of our citizens realize the extraordinary powers granted the President of the United States during the last 6 years.

Let us see what a few of them are. Of course, under the Constitution he is Commander in Chief of the Army, the Navy, the Marine Corps, and the Air Corps of the United States. But he can now invoke a neutrality law that is practically tantamount to a declaration of war. He can single out the aggressor in any country. He has been given vast discretionary control over the monetary system of our country. Under the Constitution Congress, and Congress alone, has the authority to coin money and regulate the value thereof. What justification can there be for transferring this tremendous power and control over money from the people's

representatives to any individual? Why does the President want this power to change the gold content of the dollar unless it is his purpose ultimately to pay off the huge public debt—that has been doubled since his first inauguration—with cheap money? Continued deficit spending carries with it the constant threat of inflation that will surely rob the people of their hard earnings and just savings. Bank deposits, savings accounts, and life-insurance policies will become worthless. Not fixed rules nor established law but the fleeting fancies and mercurial mind of an impulsive individual have destroyed the confidence of the American people in the stability of their currency and wrecked their faith in the rectitude of their own Government. "Just men regard repudiation and spoliation of citizens by their sovereign with abhorrence." And yet, as Members of Congress, we are asked to continue this legalized larceny. The President now can issue currency up to \$3,000,000,000. By devaluing the gold content of the dollar, he has had a \$2,000,000,000 reserve fund called the stabilization fund that he can use for speculation in foreign exchange, buying Japanese yen, German marks, French francs, British pounds; he can coin silver at the ratio of 16 to 1; he can close the stock market at any time he pleases for a 30-day period; he can raise and lower at his own will and in his own discretion the tariff 50 percent on practically everything that is produced on the American farm or in the American factory. Napoleon once said: "Give me control of the purse strings of the nation and you can have all its armies." Roosevelt has both.

I say to you that a supine and subservient Congress has cowardly turned over to the executive branch of the Government control over the pursestrings of this Nation. When this original act was passed, afterward upheld by a 5 to 4 decision of the Supreme Court of the United States, it amounted in my judgment to confiscation of private property and repudiation of a national obligation. We have not yet gotten over, nor will we in this generation, the evil effects of this violation of the sanctity of contract. Individuals have been tempted to follow the ignoble and lamentable example set by a voracious government.

Let me remind you, Mr. Chairman, of a few sentences spoken by Mr. Justice McReynolds in the dissenting opinion of the four Justices in the so-called Gold Clause case:

Can the Government, obliged as though a private person to observe the terms of its contracts, destroy them by legislative changes in the currency and by statutes forbidding one to hold the thing which it has agreed to deliver? If an individual should undertake to annul or lessen his obligation by secreting or manipulating his assets with the intent to place them beyond the reach of creditors, the attempt would be denounced as fraudulent, wholly ineffective.

Counsel for the Government and railway companies asserted with emphasis that incalculable financial disaster would follow refusal to uphold, as authorized by the Constitution, impairment and repudiation of private obligations and public debts. Their forecast is discredited by manifest exaggeration. But, whatever may be the situation now confronting us, it is the outcome of attempts to destroy lawful undertakings by legislative action, and this we think the Court should disapprove in no uncertain terms.

Under the challenged statutes it is said the United States have realized profits amounting to \$2,800,000,000. But this assumes that gain may be generated by legislative fiat. To such counterfeited profits there would be no limit; with each new debasement of the dollar they would expand. Two billions might be ballooned indefinitely—to twenty, thirty, or what you will.

Loss of reputation for honorable dealing will bring us unending humiliation; the impending legal and moral chaos is appalling.

In that never to be forgotten dissenting opinion it seems to me the distinguished and able Justice proved himself to be not only a true prophet but also one of the greatest men who ever graced the bench of our highest tribunal. [Applause.]

One of the greatest deterrents to economic recovery in this country and to a return of prosperity is a continuance of the vast discretionary powers over monetary affairs that this Congress cowardly surrendered to the Executive. [Applause.]

[Here the gavel fell.]

Mr. REED of Illinois. Mr. Chairman, I yield 2 additional minutes to the gentleman from Missouri.

Mr. SHORT. Mr. Chairman, time will not permit me to point out many other excessive powers granted by Congress to the President, but I wish to remind the Members that over \$15,000,000,000 have been handed over in blank-check form by the Congress of the United States to President Roosevelt which he could spend at any time, in any manner, and upon any kind of project he might deem fit. During the past 6 years he has spent more money than all his predecessors from George Washington to Woodrow Wilson; and if you continue these vast discretionary powers in the hands of the President, regardless of whom he might be, I say to you that you are going to forestall any recovery and make absolutely impossible a return of prosperity. Take back from the President the power of money manipulation and he cannot continue to spend twice the revenues of our Government.

No game is too tough for the American people to play as long as they know the rules of the game, but when you have an umpire changing the rules at every inning of the game and running in opposite directions with the ball you do not know where you are. [Applause.] No wonder the American people are jittery. One of the best things this Congress could do, and which the American people now demand, is that we courageously take back unto ourselves our own prerogatives and functions of government which we surrendered to the Executive. The powers granted him under the cry of emergency, which he promised to exercise temporarily, he is now trying to make permanent. This bill was passed first in 1934 and later extended 1 year by Executive order. The bill was then extended 2 additional years by Congress, until June 30, 1939, and now we are asked to extend this emergency legislation until June 30, 1941; which means that for the past 7 years under this New Deal, nearly its whole life, the President has exercised this discretionary control. It seems the emergency would never end and that the New Deal's life is dependent upon it. If we would repeal the President's authority to issue currency up to \$3,000,000,000, it would relieve the American people of the fright of the instability of their currency; if we would put an end to his authority further to devalue the gold content of the dollar, we would restore public confidence, because businessmen when they go to bed at night do not know whether the next day the dollar will be worth 59 cents, 50 cents, or 10 cents. It is this cloud of uncertainty that retards recovery. As a student in Germany I witnessed inflation. When I entered Germany you could get 600 marks for \$1. When I left you could get 5,000,000,000. When inflation once starts it is almost impossible to stop. Complete financial collapse is the inevitable end. Then follows social chaos and political revolution. If we continue to spend as we have been, we, too, shall suffer the same tragic fate. [Applause.]

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Chairman, may I inquire how the time stands?

The CHAIRMAN. The gentleman from New York has 56 minutes remaining, the gentleman from Illinois 1 hour.

Mr. SOMERS of New York. Mr. Chairman, I yield 20 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE of Idaho. Mr. Chairman, in fulfilling my duties as a Congressman representing the people of one of the great congressional districts of the West, it is my opinion and my conviction that this is one of the most important issues before the American people, the establishment of a workable adequate monetary system. Every other issue that comes before this Congress is subordinate to the question of money.

The efforts we are making to find employment for the 10,000,000 who are out of work and the struggle we are having to find a market for our surplus farm products is all subordinate and related to the money question. That is the principal issue and will continue to be our chief problem until the Congress puts into operation a workable, adequate money system. This question will continue to be the issue before the American people and one that I think will be paramount in the next Presidential election. The action that

is taken by this Congress in solving the money question will have a great bearing on the outcome of the next Presidential election.

The bill under consideration deals with the most important problem facing the American people—plans to provide an adequate volume of money with which to do business and the stabilization of the international currency in relation to foreign exchange in order to protect business and industry in this country from destructive competition by disadvantageous manipulation of foreign currency and international exchange.

It is clearly apparent that to compete successfully with countries that maintain huge funds for the manipulation of international currencies, if our Government is to maintain a parity of prices for exports in foreign markets, we must create and use a similar financial weapon to protect our foreign commerce. For this purpose we have created and used the so-called stabilization fund. The Secretary of the Treasury, in the hearings before the committee in charge of this legislation, has explained in detail the operation of the stabilization fund in protecting foreign commerce and international exchange with no loss to the Treasury and a tremendous advantage to our foreign trade.

When we consider the present unsettled foreign situation and the instability of the currencies and financial condition of the countries with which we must compete for foreign trade, it is apparent that we must provide the necessary safeguards against trade disadvantages, which would result from further devaluation of foreign currencies, by continuing the authority of the President to devalue our monetary unit—the dollar—in terms of gold, should an emergency arise.

To illustrate the conditions that obtain in international exchange I want to point out to the members of the committee the facts in reference to our foreign commerce. We talk about the scarcity of money and international exchange. The nations of the world as well as this country are forced to resort to the primitive method of barter. We are now endeavoring to dispose of our surplus farm commodities by resorting to a primitive barter system, due to the shortage of money and international exchange. We must exchange goods in this cumbersome, clumsy, and primitive way of doing business.

I quote from the United States News:

All over the world similar moves are being made.

Controlled trade and barter are taking the place of free exchange and normal trade.

Upset markets and low raw material prices follow, as the area of world trade on the old uncontrolled basis narrows, and as nations strive desperately to become self-sufficient in order to be prepared against the shortages in case of war.

Much of the world has been hopeful that recovery within the United States would produce an increased demand for raw materials from American manufacturers and would lead to an important advance in prices. The British, especially, have been counting on that development to help them solve their problem of reviving export markets for British manufactured goods to the raw-material countries.

But, to date, American industrial activity—although increased sharply as compared with a year ago—has not led to the expected increase in raw-material prices. This, in turn, leaves the world trade problem as complicated as ever. It also is increasing the pressure from farmers and other groups for Government control over prices and production.

If that does not prove that our system is not working properly and that we must at least continue the present monetary program to do any business at all, I would like to know what further illustration you would want.

I want to read another thing. Here is a little note from the New York Times:

BROKERS' LOANS DROP \$32,000,000 IN WEEK

The Federal Reserve Board reported yesterday that last week's loans to brokers and dealers on securities held by reporting member banks in New York City totaled \$579,000,000. The week ended Wednesday, and the total represented a decrease of \$32,000,000 when compared with the previous week.

Loans for the corresponding week a year ago totaled \$503,000,000.

We are confronted on every side with a shortage of money. Let us consider where some of the money is going, some of this medium of exchange, this liquid capital, this thing we

call cash that the banks demand in the settlement of accounts and in settlement of commitments, the liquidation of our promissory notes:

The official figures on shipments of United States currency to Europe during March showed that net shipments out of this country totaled about \$23,000,000, or nearly \$10,000,000 above the previous high record established last September.

Just think, our currency is flowing out of the country at the rate of \$23,000,000 a month. How long can we stand that? How long can business stand that, with the volume of Federal Reserve notes, the money we must depend on to transact business, decreasing daily?

Let me call attention to the statement put out by the Treasury. In November 1938 there were in circulation Federal Reserve notes to the extent of \$4,686,288,710. Now, let us turn from November to January, and we find that there was a large falling off or decrease in the amount of Federal Reserve notes in circulation. In January there were \$4,679,883,060, a decrease of \$7,405,650 in 2 months.

What happened the next month? We find that on February 28 there were in circulation Federal Reserve notes to the amount of \$4,635,848,650, or a decrease in Federal Reserve notes in circulation of \$44,034,410 in 1 month.

If you think that the Federal Reserve Banking System is functioning to supply a medium of exchange in the country, just consider the figures that are presented by the Treasury and the Federal Reserve bank with reference to what is happening to our money. No wonder we have hard times. No wonder there are people unemployed. No wonder business is not functioning in this country when there is a shortage of money to do business with.

Our good friends on this side, the opponents of the silver program and our Federal monetary policy, would make us be entirely dependent on the Federal Reserve System, which caused us in the past to establish an instrumentality, if you please, the Reconstruction Finance Corporation, to draw on the collective credit of the American people to finance business. If the Federal Reserve bank is a good thing and is functioning, why the R. F. C.? Why do we have to draw on the credit of the American people by the sale of tax-exempt bonds to finance business if we have a good banking system in this country?

The authority of the President to increase the volume of money by the purchase and use of silver in the national currency has been used constructively and profitably by the administration in increasing the volume of money in circulation and promoting foreign trade in accepting silver in exchange for our surplus commodities and at the same time stimulating industry and mining in this country which resulted in an increase in the tax revenues.

In opposition to the administration's silver-purchase program many misleading statements have been made and circulated and as a result much confusion exists in the public mind concerning the Government's silver-purchase program.

Investigation discloses that it is the only monetary program of the Treasury on which the Government is making a profit. Domestically mined silver is purchased at 64½ cents an ounce and put into circulation as money in the form of silver certificates—legal tender currency—at \$1.29 an ounce on which the Government makes 100-percent profit, the silver being paid for by silver certificates at no cost to the Government.

Mr. Chairman, I defy any opponent of the silver-purchase program to refute the statement that the Treasury is making a profit of 100 percent on the purchase of domestically mined silver. It is not costing the Treasury anything. The silver is paid for by silver certificates. It is amply secured. It is the only redeemable currency we have and it is redeemable in silver dollars.

Mr. PATMAN. Will the gentleman yield?

Mr. WHITE of Idaho. I yield to the gentleman from Texas.

Mr. PATMAN. As a matter of fact, however, these silver certificates are not issued on the basis of \$1.29. They are issued on the basis of the actual amount paid for the silver.

Mr. WHITE of Idaho. They are issued on the basis of \$1.29. But they are supported by twice as much silver as there is volume of silver, and are issued only up to the cost of the silver.

Mr. PATMAN. I am seeking information. I think the gentleman is mistaken that they are issued on the basis of \$1.29. I think if they were issued on the basis of \$1.29 we could issue a billion dollars more.

Mr. WHITE of Idaho. You could issue a billion dollars more in silver certificates because there is the additional silver bullion behind the present outstanding issue of silver certificates.

Mr. Chairman, do not overlook the world price of silver, and the fact that at 43 cents an ounce the Government makes a profit of 200 percent by putting the silver in circulation at \$1.29. This silver-purchase program is the only operation of the Treasury on which the Federal Government is making a profit.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Idaho. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman has indicated many times that he is not exactly satisfied with the present monetary program. I am quite in sympathy with the domestic silver producers. How much does the gentleman believe the domestic producers should be paid for their silver in order to make their operations profitable at cost of production plus a fair profit?

Mr. WHITE of Idaho. We know that if silver were bought at a dollar an ounce as it was under the Bland-Allison Act the price would make a fairer return to the mining industry and would be a great stimulus to business as well as a great source of taxable income to the Federal Government.

Mr. AUGUST H. ANDRESEN. But the present price of 64 cents is too low and below the cost of production?

Mr. WHITE of Idaho. It is too low. In many cases it is below the cost of production and forces the Government to spend money for relief.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Idaho. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. The gentleman from Minnesota asked me that same question 2 days ago, and I was unable to say what the cost of production of silver has been. However, I do have it authoritatively stated that for the last 445 years the average market price of silver has been 92 cents per ounce. However, that is not quite an answer to the gentleman's question.

Mr. WHITE of Idaho. I want to complete my statement, and then I will yield.

The purchase of domestically mined silver stimulates our mining industry, as most silver is a byproduct of ores containing other metals, and increases business in the mining communities, which stimulates business throughout the country.

In addition to this, there is a direct benefit to the Government in increased tax revenues. I refer to the annual report of the Sunshine Mining Co., of Kellogg, Idaho, located in the district I have the honor to represent. In its last annual report the company indicates the production of 11,352,986 ounces of silver and reports taxes of all kinds of 10.35 cents per ounce on silver produced. Every ounce of that silver that was produced from one of the most phenomenal mines in the United States contributed 10 cents in the form of taxation to some agency of government.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Idaho. I yield to the gentleman from Alabama.

Mr. PATRICK. This program went into effect in 1934?

Mr. WHITE of Idaho. I believe it did.

Mr. PATRICK. What effect did it have on the marketing of silver, say, within the next 6 months after it went into effect?

Mr. WHITE of Idaho. It was a great benefit. The mines that could mine silver profitably went to work and put people to work and bought supplies and bought machinery, and this affected the prosperity of the whole country.

Mr. PATRICK. How does it affect the country today, apparently, as best it can be estimated?

Mr. WHITE of Idaho. It is benefiting the country and would benefit it more if we had a better price for silver?

To continue my statement: Besides this we should take into consideration other taxes that are paid on the incomes of the people engaged in mining and firms that supply the mining industry.

By referring to the annual report of another large company in my district, the Hecla, of Wallace, Idaho, we find that this company last year paid \$135,461 in taxes and employed 465 men and their total tax bill amounted to \$266 for every man employed.

Turning to a report of a new mining company which has just gone into production, we find that this company, the Polaris Mining Co., of Wallace, Idaho, paid a tax bill of \$706 for every man employed by this company.

Much has been said about a subsidy to the silver mining industry. These figures show the immense benefit that the Government is receiving directly in the payment of taxes from the operation of this industry to say nothing of the indirect benefits received from business and other sources of taxation.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Idaho. Briefly, as I want to finish this statement.

Mr. CASE of South Dakota. The gentleman is making a very interesting statement, but I have not yet found in what the gentleman or anyone else has said anything to convince me that the silver industry or the purchase of domestic silver is dependent on the passage of this bill. Will the gentleman give me his opinion on that?

Mr. WHITE of Idaho. I have not gone into the details of the act but I am told that it is. The Silver Purchase Act affects the purchase of foreign silver but does not permit the President to increase the price of domestic silver by proclamation.

Mr. CASE of South Dakota. The gentleman is referring to the Silver Purchase Act of 1934.

Mr. MURDOCK of Utah. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Idaho. I yield to the gentleman from Utah.

Mr. MURDOCK of Utah. Is it not a fact that every ounce of domestic silver that has been purchased since this administration came into power has been purchased under this act, and that every ounce of silver purchased from abroad has been purchased under the Silver Purchase Act?

Mr. WHITE of Idaho. That is the fact, as I understand the operation of the law.

Mr. CASE of South Dakota. Does the gentleman also know, however, that the Silver Purchase Act specifically authorizes and directs the Secretary of the Treasury to purchase silver at home or abroad until the silver stocks in this country have reached the point at which they are one-fourth of the monetary gold stock?

Mr. WHITE of Idaho. I do not want to go into details on that, but I understand that if the President were to set a higher price for domestic silver he would do it under the authority of this bill.

Now we come to the most important feature of the use of silver in our currency system, which is the immense saving to business and to all the American people by the elimination of interest as the cost of keeping this money in circulation. Silver certificates—legal-tender currency—redeemable in silver dollars, are issued by the Treasury in paying the running expenses of the Government and flow into the channels of trade and business, interest free, to the extent that this form of currency circulates it relieves business of the interest charge on the equivalent in interest-bearing eligible paper which is required to support the creation and circula-

tion of Federal Reserve notes—the bulk of the legal-tender currency in circulation—and on which business must depend for cash with which to finance this transaction.

I have just talked with the Treasury Department and I find that last year there was over \$1,000,000,000 in Federal Reserve notes retired, macerated, destroyed, and put out of circulation; and that business is entirely dependent upon the banker approving an application for a loan and making a loan for the reissuance of this money into circulation, and that is the way our money is controlled, and that is one of the reasons we are short of money today, and the fact that there is \$1,500,000,000 or more of silver certificates in circulation is a stabilizing influence on business today.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Idaho. I yield.

Mr. SCHAFER of Wisconsin. My mind is open on this bill, and did I understand the gentleman correctly to quote figures indicating that there has been a reduction in the amount of money in circulation in recent years?

[Here the gavel fell.]

Mr. WHITE of Idaho. Will the gentleman on that side yield me some time?

Mr. REED of Illinois. I can yield the gentleman 3 minutes.

Mr. SCHAFER of Wisconsin. Will the gentleman answer that question?

Mr. WHITE of Idaho. What is the question?

Mr. SCHAFER of Wisconsin. Did the gentleman indicate that in recent years the amount of money in circulation has been reduced in quantity?

Mr. WHITE of Idaho. By the Treasury statement we find that Federal Reserve notes, which is the bulk of our currency, is being reduced at a rapid rate now.

By the last Treasury statement received this morning, under date of April 14, we find there is \$1,645,729,305 in silver certificates outstanding. If we retire these silver certificates and replace them with Federal Reserve notes supported by eligible paper, drawing interest at 3 percent, we find it would cost business and the American people \$49,371,879.15 per year to keep this amount of money in circulation. But we find that few business notes can be financed at 3 percent. If we calculate the interest at 6 percent, then the amount of interest money—hidden tax on business payable to the banks—required to keep this volume of money in circulation would be doubled, or \$98,743,758.30 per year.

Now, with our country hopelessly in debt, with an annual service charge on the public debt of over a billion and a half dollars, which must be raised by taxation, and with the shortage of currency in circulation so acute that business is reduced to the necessity of resorting to barter and the great Department of Agriculture and the Relief Administration finding it necessary to use script in place of money, and our Government considering a barter program to dispose of our surplus commodities, will the most reactionary Republican on this floor advocate the discontinuation of the Treasury's silver-purchase program and the retirement of the interest-free silver certificates from our currency? These conservatives have been vehement in their demands for economy and the reduction of the tax on business, and now when their motives are put to the test they would increase the staggering interest load under which business is struggling and strike down the only monetary policy on which our Government is receiving an income and making a profit. They would destroy this substantial source of taxable income and thereby increase the benefits to gold-producing countries. By their program they would increase the interest income of the banks by replacing silver certificates by Federal Reserve notes.

Is there no limit to the interest load that these conservatives would lay on the backs of the American people? Is there no limit to the handicap these banking advocates would place on business by destroying the only form of redeemable money we have—cash that circulates interest free, which remains permanently in existence available to meet the needs of business in times of financial stress?

Mr. Chairman, I urge that the Members of this House support this legislation and show by their approval of the administration's monetary program that they will not increase the interest load on business and the backs of the American people. [Applause.]

Mr. REED of Illinois. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. HAWKS] such time as he may desire to use.

Mr. HAWKS. Mr. Chairman, as a result of the hearing held before Administrator Andrews of the Wage-Hour Division of the Department of Labor on April 3 and 4, at which hearing I appeared in behalf of the canners of Wisconsin and others interested in the subject, the Administrator issued on April 19 a redefinition of the term "area of production" as applied to agricultural labor in the fresh fruit and vegetable industries to take the place of the former regulation issued several months ago on this subject.

Apparently the minds have not met, for with the limitations put upon the meaning of the term "area of production" in this new regulation this does not meet the situation in any degree.

The Administrator says:

The amendment to the regulations just issued exempts employees engaged in the canning, packing, and storing of fresh fruits and vegetables who are employed in establishments situated in the open country or in towns of less than 2,500 and which draw all their products from within a radius of 10 miles.

It should not be overlooked, so far as this amended regulation affects Wisconsin, that there is included within the area of production term those who are employed in making cheese or butter or other dairy products. This regulation is of importance to the dairy industry of our State not less than to the canners and growers of fruits and vegetables.

It is quite apparent from this new ruling that the Administrator has no intention of exempting agricultural products under the law, and by this latest ruling the farmer can expect little or no help. On the contrary, he is quite likely to experience further declines in market prices for his products. Laws and interpretation of laws of this character can only add to the despair of the dairy farmer, the fruit and vegetable producer, the canner, packer, processor, and all the related industries.

The gentleman from North Carolina [Mr. BARDEN], who is a member of the House Labor Committee, is making a supreme effort to secure the passage of an amendment to the wage-hour law which will exempt all agricultural labor from the application of wage and hour regulations, and he will have wide support in such effort. [Applause.]

Mr. CASE of South Dakota. Mr. Chairman, I make the point of order there is not a quorum present.

The CHAIRMAN (Mr. McCORMACK). The Chair will count. [After counting.] One hundred and three Members are present, a quorum.

Mr. REED of Illinois. Mr. Chairman, I yield 25 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, if I were to inform the membership of this House that within the next 2 hours 50 percent of their money would be taken away from them, if they were not on the floor to lock up their pocket-books, they would probably be here this afternoon. But today, by the passage of this bill, the United States Government is taking money away from the American people, and I therefore propose to discuss some of the features of this bill, which I believe is the most important legislation now before the Congress.

The gentleman from Idaho, who just preceded me, has given the best argument for the repeal of the discretionary powers in the hands of the President. He stated that the circulation of money has been decreased in the United States and that we must have more money if we are to restore the purchasing power of the American people and get business, industry, and agriculture going again.

The very purpose of the bill, when it was passed in 1934, was to stimulate price levels in this country in order that the people might have more money and greater purchasing power. If our circulation has decreased under 5 years of

Presidential discretion, it is high time that the Congress itself examine into what this legislation has done to the American people and then get down to business and pass real monetary legislation that will be helpful to the citizens of this country.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. AUGUST H. ANDRESEN. I am sorry I cannot yield.

Section 8, of article I of the Constitution, provides that the Congress shall have power to coin money, regulate the value thereof, and of foreign coin and to fix a standard of weights and measures in this country. This power to regulate the value of money under the Constitution is vested solely in the Congress. This power cannot be delegated to the President, to the Federal Reserve System, to any monetary group, or to any set of individuals.

It belongs to Congress. This power is now largely in the hands of the President, according to the authority of Gold Reserve Act, passed in 1934. The power expires on June 30 of this year. This legislation seeks to continue the power which constitutionally belongs to Congress, in the hands of the President.

I say to you as a Representative in this House that the power should be restored to Congress so that we may function as the Constitution originally intended.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I am sorry. I cannot yield at this point.

Now, we should examine really who makes the request for a continuation of this power in the President of the United States. Let us find out who wants it. Of course the President himself wants this power continued because he states, as does his Secretary of the Treasury, Mr. Morgenthau, that we are still in a state of emergency in the United States. History will record that President Roosevelt has kept this country in 6 years or more of perpetual emergency, and that we will never emerge from that emergency until the Congress gets back its proper legislative functions.

In addition to the President and the Secretary of the Treasury, we find that the international bankers want this bill passed. They want this power continued in the President because they are making money in dealing in foreign exchange and in the manipulations of currency, and if the power is not retained in the President, then they will not be able to make the money they have under these transactions during the past 5 years.

Of course, foreign gold speculators all have petitioned the Congress of the United States to continue this power because they are getting \$35 an ounce for all of the gold that they can dig and all that they can sell to the United States. It all comes here, because the Secretary of the Treasury of the United States, through the order of the President, fixes and maintains the world price for gold and silver.

Since January 1, 1934, more than \$8,000,000,000 of foreign gold have been shipped into this country. A large part of that gold has come through England, because England maintains a free and open gold market. That is where our Russian gold has come from. The Russians and some of these other countries bring their gold to London and the Bank of England sends it here to Morgenthau and the Treasury, and he pays them \$35 an ounce for it. In Russia under the new process they have developed for the production of gold, we find they can produce it at \$8 or \$10 an ounce. We pay them \$35 an ounce. Of course, it is profitable for them to produce this gold and sell it to us, as it is profitable for every other foreign gold-mine owner in the world to produce gold at a cost of from \$8 to \$20 an ounce and sell it to us for \$35 an ounce.

But foreign gold speculators and silver-mine owners are not the only ones who want to have this act continued. The foreign brokers want it continued because they deal for the foreign investors, and when the foreign investors get a premium on the gold from the United States Treasury, they can send more of their money here and take more of their

dollar exchange to buy American securities, and the foreign brokers make more commissions out of it.

Then we have some American brokers, dealing particularly as agents for foreign investors, who also favor a continuation of this policy.

Then we find that all foreign nations are in favor of a continuation of this policy, because Uncle Sam has acted as "Uncle Santa Claus" for all of those foreign nations during the past 5 years, and on gold alone has paid the foreign gold-mine owner and the foreign nations and foreign gold speculators more than \$3,500,000,000 in gold subsidy or gifts from the American people. Why should they not want to continue it?

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield for a question?

Mr. AUGUST H. ANDRESEN. I am sorry. I cannot yield at this time.

So, it is only reasonable to suppose that all of those people want a continuation of this policy. They have requested it. We have had men before our Committee on Coinage who represented these foreign investors and they say they want this program continued so that they can continue to sell us gold at \$35 an ounce and continue to sell us silver at the world price today, which is also fixed by the Treasury at 43 to 45 cents an ounce.

Now, what benefits do we get out of this monetary program? The purpose of the program, to start with, was purely theoretical. When the President sent his message to Congress on January 15, 1934, he stated in the first sentence:

In conformity with the progress we are making in restoring a fairer price level, and with our purpose of arriving eventually at a less variable purchasing power for the dollar, I ask Congress for certain additional legislation.

That was the Gold Reserve Act of 1934. When the Committee on Coinage made its report, and in the debate in the House in 1934 when the gold reserve bill was considered, the theme song all the way through was that "if Congress will pass this bill, which will pay the foreigners a subsidy for their gold and silver, we will stimulate exports in this country; we will raise the price level on farm products, manufactured products, and other commodities, and we will bring about recovery for agriculture and business in the United States."

I quote from the report of the Committee on Coinage.

On page 2 of the report we find the following:

This bill is designed to enable the administration to restore a fairer price level, to arrive eventually at a less variable dollar, and to improve our financial and monetary system. The import of this may be appraised in the realization that all authorities seem to agree that the salvation of the country lies in our ability to control our price level. All commodities are measured in gold, hence the first step in our control must be the acquisition of gold stocks.

I quote further:

The upward flight of the American dollar meant a correspondent decline in commodity prices. The debtor was at a distinct disadvantage.

Further from the report:

If the gold dollar is revalued at 50 percent, this will be double the statutory value of our monetary gold, and broaden the base of our currency and credit system. * * *

This bill will not only lighten and make bearable our public and private debt, but it will stimulate domestic and foreign trade by permitting the dollar to seek a level that will more nearly approximate the purchasing power of foreign currencies.

It was anticipated that by increasing the price of gold 69 percent for foreign producers of gold and to domestically mined gold, the price level of farm commodities would rise 69 percent, but it did not work out that way.

Some gentleman a little while ago mentioned something about the wonderful effect this monetary policy has had upon our price levels for agricultural products. I sold a few bushels of wheat in December belonging to my father. I received 37 cents a bushel for that wheat. You cannot say that wheat at 37 cents a bushel was benefited particularly by the monetary system or the promise to increase the price 69 percent. In other words, they promised restoration of

1926 price levels, and at the present time it takes $4\frac{3}{4}$ pounds of butterfat to get one of these devalued dollars, 8 dozen eggs for one of these dollars, $8\frac{1}{2}$ pounds of poultry, 2 bushels of wheat at Chicago for one of these dollars, $3\frac{1}{4}$ bushels of rye, 5 bushels of barley, 5 bushels of oats, $2\frac{3}{4}$ bushels of corn, and I just learned today that out in Iowa and Minnesota corn is selling at 30 and 32 cents a bushel, so that it would take 3 bushels of corn to get one of these devalued dollars. The price level on farm products has not been aided in any manner by the monetary program. In fact, it has worked in absolute reverse from the theory of the New Deal monetary experts, because, instead of increasing our exports of farm commodities, instead of raising the price level to the farmers and producers, it stimulated imports into the United States and drove down the price level on farm and other commodities in this country, and continued the unemployment and relief problem as we have it here in the United States.

My friend from Colorado [Mr. MARTIN] does not think that we have enough money in circulation. Possibly if we would add more money which could be put into the hands of the people of the United States by getting a higher price level for the commodities they have to sell, then we would be accomplishing something really worth while. But let me point out to you, if you were living out in the Middle West, what you would have to pay for a \$5 pair of shoes.

We will see how this monetary policy works for the people in my section of the United States. It would take 24 pounds of butterfat, 40 dozen eggs, 50 pounds of poultry, $62\frac{1}{2}$ pounds of cotton, 10 bushels of wheat, or 14 bushels of corn to buy a \$5 pair of shoes. If a farmer owns 160 acres of land and his taxes are \$200, he would have to pay out 1,050 pounds of butterfat to pay his taxes. That would be the production from five cows for a whole year. The cotton farmer with a similar farm and a similar amount of taxes would have to pay five bales of cotton, and most of the tenants and sharecroppers raise less than three or four bales. Or he would have to pay 400 bushels of wheat or 540 bushels of corn or 1,000 bushels of oats.

In examining the merits of legislation, especially after we have tried it for 5 years, it seems to me that we should get down to cases and find out if the legislation has done us any good. If it has not done us any good, then it should be either repealed or amended to make it effective for the American people. The reason to me is quite obvious that it has not worked out for the advantage of the American people because instead of subsidizing our American people through this monetary policy we have subsidized the foreign gold speculators and other people in other countries of the world. We have left the American people out on a limb today to shift for themselves and pay the bill for the merry joy ride of the Treasury in its desire to give away our American market and American money to foreign producers.

We have noted for the last 3 or 4 years how much recovery there has been in other countries of the world as compared to the continued emergency and distress situation in the United States. Is it to be wondered at, when we have purchased nearly \$10,000,000,000 of gold and silver from the other countries of the world and paid them large subsidies upon it, that they have prospered at our expense? We are left to pay the fiddler and to pay the debt.

About a week ago I spoke of an amendment I propose to offer in connection with this bill. I hope you have read my remarks and read the amendment. On that day I estimated that we had \$15,500,000,000 worth of gold in the Treasury.

I find that I made a slight mistake. I was off about \$70,000,000 on my estimate, but today I see that it is considerably over \$15,500,000,000. Six billion eight hundred million dollars of that gold represents gold owned by the United States as of 1934, a part of which was the gold that was taken away from the American people at \$20.67 an ounce. More than \$8,000,000,000 of it represents purchases of gold from foreign countries at \$35 an ounce.

Secretary Morgenthau has expressed great alarm, and I thoroughly agree in his alarm, when I think of all this gold

and silver that is coming into this country and what will happen when we get all of the world's supply of gold, an event which will possibly come within the next 18 months. Instead of being able to export our commodities we must, Secretary Morgenthau states, let down our bars and let imports come into this country in excess of exports and distribute that gold to the people in the other countries of the world by paying gold for the increased imports they send into the United States. I do not know how the wheat farmers out in Oregon, in North Dakota, and down in Kansas and Montana will feel about this proposition when we start paying out the gold that we have purchased at \$35 an ounce for the wheat of other countries.

The most pathetic picture that we have under this policy is that of the poor cotton farmer who has not only been ruined but has been put out of business by the fantastic New Deal experiments—not only in money but in other experiments that have destroyed him in his natural and economic place in our American life. In 1933 we exported 8,000,000 bales of cotton. This had been our average for the 10 years prior to that time. Since that time under this monetary policy which was to aid the farmers in disposing of their cotton we find that our exports have continually dwindled. Just for the month of March our exports were 41 percent lower than they were for the same month last year. Exports not only of cotton but also of all other farm commodities are continuing to decrease. This year it is estimated that our cotton exports will be around 3,000,000 bales instead of 8,000,000 bales as it was in 1933. What would have been the case with wheat no one can tell if it had not been for the subsidy of around 25 or 28 cents a bushel that was paid to get the western wheat out of the United States.

I want to help revive our export market for our surplus farm commodities, but we cannot do it under this type of legislation wherein the foreigners send in their gold and silver to the United States, put the money they receive for it in our American banks or in American securities, instead of buying farm and manufactured products. At the present time there is a dollar exchange balance due to foreigners in this country of approximately \$7,000,000,000 that they might have spent for the farm and manufactured products produced by the people of the United States.

In the amendment that I shall offer when the bill is up for reading I propose to earmark the subsidy that we pay on foreign gold—\$14.33 an ounce—and compel the foreign speculators and foreign sellers of gold, when they bring their gold into the United States Treasury, to have that subsidy earmarked and to compel them to spend it for farm and manufactured products in the United States. If they do not do so they will get \$20.67 an ounce for it instead of \$35. This would be the same treatment that every American citizen gets who does not own a gold mine here in this country.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. CASE of South Dakota. The gentleman is making a very thoughtful approach to the problem, but I personally have fear that the present purchase of domestic products as the equivalent of that subsidy may not be a complete solution, although I confess that I have not studied the plan fully. I am wondering what the gentleman would think of a proposition to permit American citizens to exchange United States currency for gold now held by the Treasury whenever that gold would be used to purchase foreign-held securities of domestic corporations in order that we might again regain control of domestic corporations in this country and have a state of independence so far as foreign disruption of our securities market is concerned?

Mr. AUGUST H. ANDRESEN. I have not gone into the gentleman's proposition sufficiently to express an opinion, but it might be a step in the right direction. The securities market has been going down since the middle of March 1937. We find that the impetus back of the decline of the securities market is foreign selling of American securities.

Mr. CASE of South Dakota. And threatens to be very severe as long as the war scare exists.

Mr. AUGUST H. ANDRESEN. Decidedly so.

[Here the gavel fell.]

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I yield myself 3 additional minutes.

Mr. CRAWFORD and Mr. WHITE of Idaho rose.

The CHAIRMAN. Does the gentleman yield and, if so, to whom?

Mr. AUGUST H. ANDRESEN. I am sorry; I did not know the time was going so fast. I am afraid I shall need all the time myself.

The CHAIRMAN. The gentleman from Minnesota declines to yield.

Mr. AUGUST H. ANDRESEN. The greatest danger I see in the large gold holdings is the possibility of the most disastrous credit inflation this or any other country has ever seen. Possibly some want this type of inflation, but I am not ready to have either a disastrous inflation or a repudiation here in the United States. The interest of the American people, and our job as Representatives, requires that we try to protect our people in the security of their property and the rights they now have rather than to be instrumentalities in destroying their equity, whether they be on a farm or whether they be in labor, business, or profession; that is our job here in the Congress of the United States. The potential possibility for credit inflation if this legislation is continued—or possibly otherwise—is very disastrous. The possibility in connection with the return of this gold to the other nations in the world is still more disastrous because here in the United States if we are to maintain any semblance of the American standard of living we cannot compete with the cheaply produced products of the other countries of the world. [Applause.]

We cannot afford to lend this gold to other countries of the world, as some will propose shortly, because when we give other countries in the world the gold that we now have and for which we paid \$35 an ounce, we will find that the I O U's that we receive from them will be just about as worthless as the \$12,000,000,000 worth of I O U's we have held for the past 20 years. [Applause.]

Mr. Chairman, I want to say a word about the amendment which I propose to offer, and I yield myself 2 additional minutes.

So long as we continue to buy foreign gold I propose that we compel these foreigners to spend their subsidy or their gift for American farm and manufactured products. What could be fairer? In other words, I want to make a practical proposition out of the theory advocated in 1934 by the New Deal monetary experts so as to make it workable. I am not in favor of burying all the gold in the world down in Kentucky. I want it to work for the American people. Let us make it work, and we can do that in this Congress. That is our responsibility. If we delegate this power further to the President or to any other agency, we are shirking our duty and there is no man worthy of a seat in Congress if he delegates away from this body the constitutional power which belongs solely to the Members of this House. [Applause.]

Mr. Chairman, this is not a political matter. I do not understand why anyone on either side of the aisle should attempt to make political capital out of it. We are facing a realistic situation and I hope we will have the fortitude and the courage to go forward and vote our convictions on this matter, which is the most important matter the Congress has considered in many years; so that we may restore purchasing power to the American people, raise the price level as originally proposed for the farmers, laboring men, and industry in this country, restore business, put the unemployed back to work, and get America going again along an American pathway, free from foreign entanglements, sustaining our American standard of living and bringing to all of us the respect and honor to which a Representative in Congress is entitled not only from his own people but from the entire world. [Applause.]

Mr. SOMERS of New York. Mr. Chairman, I yield the gentleman from Mississippi [Mr. RANKIN] 7 minutes.

Mr. RANKIN. Mr. Chairman, it will be noticed that running through all the debate in opposition to this bill there is no sympathy whatsoever expressed by these critics for using this gold for the issuance of currency or for increasing the circulating medium and raising commodity prices to the American farmer.

What is behind this opposition I am not prepared to say, but I do know this is the only hope we have for a reasonably controlled expansion that will restore prosperity to the American people, and especially to the American farmers within the next 2 years. I know from what I have seen in the last several years that the Congress itself is not going to exercise this power, and until the power is exercised we are not going to have a return of prosperity.

I hear gentlemen complaining about the price paid for this gold, but they never advocate putting this gold to work. The only way it can be put to work is through the channel of a circulating medium that will raise commodity prices to the American people.

The gentleman from Minnesota [Mr. ANDRESEN] bewailed the fact that the cotton farmers and the wheat farmers were gnawing on the corn cob of depression. They did the same thing during the Hoover administration. It is not because of this gold policy. It is because of a tariff policy which the gentleman from Minnesota has always supported and which has wrecked our economic structure, killed our foreign trade, and driven our farmers into bankruptcy.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield for a correction?

Mr. RANKIN. Just for a question.

Mr. AUGUST H. ANDRESEN. I was one of the few men on this side who voted against the last tariff act because I did not think it was fair.

Mr. RANKIN. That shows the gentleman at least had one moment in which he responded to the call of humanity. I congratulate him, and hope he will have many more of them in the months to come.

Mr. AUGUST H. ANDRESEN. I am sorry I did so now.

Mr. RANKIN. Then I must withdraw my congratulations.

The gentleman from Minnesota also bewails the fact that we paid so much for this gold. I remember back yonder during the "prosperous," boom days of the Harding-Coolidge-Hoover regime when this Congress voted to give the European powers \$6,000,000,000 in what they called the debt-refunding bill in order to encourage foreign markets. Your foreign markets are gone. They are "gone with the wind" until we readjust our international trade by breaking down tariff barriers so as to enable us to trade with other countries.

Mr. Chairman, I think I know what is behind this opposition. I saw what was done in 1920, and they think they can do it again; that is, take away from the President of the United States the power to expand the currency and restore prosperity. They want to repeat the old catastrophe of 1920 because they know the men in charge of the Federal Reserve System are in sympathy with the big interests of this country and that they do not want the farmers of the Nation to prosper; they are interested in the money changers and stock manipulators.

I saw what they did in 1920. W. P. G. Harding was head of the Federal Reserve System at that time. He had a conference with your candidate for President on the Republican ticket and other Republican leaders, and what did they do? When our crops were in the field they contracted the currency by raising the rediscount rate and calling loans until they drove the price of wheat, corn, cotton, hogs, and other farm commodities down below the cost of production in order to depress and disturb the American people and especially the American farmers and drive them from the party in power, under the glorious pretense that they were going to restore prosperity, if the people would only change administrations. They won by a landslide and then proceeded to wreck the country.

I regret the President has not used the power given him to expand the currency and restore prosperity. I regret he has not issued this currency. I hope he does it right away.

But if you take away from him this power it will shut the door of hope in the face of the American people, and especially the American farmer, so far as any appreciable recovery is concerned in the next few months, or the next 2 years, because such a recovery depends on two things, re-establishment of our international trade by breaking down tariff barriers, and expanding the currency to raise the price of farm commodities in proportion to the American dollar.

Mr. SECComBE and Mr. VOORHIS of California rose.

Mr. RANKIN. I decline to yield. I have only 7 minutes.

Mr. Chairman, they tell you that we are likely to burst into a wild and uncontrolled inflation. This law does not provide for anything of the kind. One Member the other day said the fact was that the President would have the power to issue five or six or seven billion dollars in currency if this law passed. Why not? That is not uncontrolled inflation. The inflation or the expansion that he can bring about as the result of this law is controlled, but it would mean that a reasonable amount would be put into circulation in such a way that the Federal Reserve System, which I contend is controlled by selfish financial interests, could not take it out of circulation and bring on another depression.

This new money, put into circulation, would raise the prices of farm commodities to their normal levels and enable the farmers of this country to live and pay their debts and buy the goods they must have. You men from the manufacturing centers are never going to put your people back to work until the prosperity of the American farmer is restored, and you cannot restore prosperity to the American farmer by crucifying him upon a cross of gold and by resisting every effort, every possible effort, if you please, to put on a reasonable controlled expansion that will restore his prosperity.

You talk about your wheat farmers and what great harm it would do them to break down the tariff walls. That is ridiculous. If any men have ever been bunched as well as robbed by the tariff, they have been the wheat farmers of the United States. The tariff simply robs the farmers for the benefit of certain manufacturers. It places upon the farmer an indirect tax that simply grinds him into the dust. [Applause.]

Mr. SOMERS of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Nevada [Mr. SCRUGHAM].

Mr. SCRUGHAM. Mr. Chairman, a portion of the argument on the retention of this act has been devoted to showing its damage to the farmers. Although it has already been placed in the RECORD, for the purpose of emphasis I read from a letter received from the American Farm Bureau Federation and sent to all Members of Congress:

We respectfully urge your support of the continuance of the power to revalue our dollar in order to protect our currency and to safeguard our exports and our domestic markets. This is a matter of vital importance to 30,000,000 farm people.

Failure to act now would be calamitous.

Those of you who are interested can read the entire letter in the RECORD, but I shall read only a few of the most important parts of the letter:

Practically every important nation of the world has abandoned the fixed gold standard. The executive branch of practically every nation of the world has been given the power to depreciate its currency if it so wishes and to do so without public discussion and debate. In the world today, when currencies of competitor nations are in a state of constant flux, it would be suicidal to tie the hands of our Government and prevent it from adjusting our currency in such a way as to protect our export markets and prevent foreign produce from being dumped into our domestic market.

Farmers who must exchange their commodities for dollars suffer the most from a fixed gold dollar. For example, in 1929 a farmer could exchange less than 1 bushel of wheat for a dollar, but in 1932 the farmer had to exchange 3 bushels of wheat for our gold dollar with its fixed value. Likewise, the cotton farmer who borrowed \$100 in 1929 borrowed the equivalent of 1½ bales of cotton, but if he had to pay back this debt in 1932 he had to pay back the equivalent of 4 bales of cotton.

My argument is based on the following points:

The existing act was necessitated by reason of the distressing financial conditions which were caused by the monetary policies of the Hoover and previous administrations. A return to these policies is what is now being earnestly

advocated by the opposition speakers. By curious coincidence they have the aggressive support of practically all of the bullion speculators and money manipulators of the country, who are alleged to be beneficiaries of the Stabilization Act.

If one cannot make a profit on his business, there will be no income from it. We cannot increase income without increasing profits, or at least assuring some profits to the producers of commodities and for those engaged in industry.

Private capital will not invest, no matter what the taxes are, during a deflation or threat of deflation. It always invests during inflation or on the hope of a rising market. We can understand, of course, that the five or six billion dollars we might spend of the Government's borrowed money will be only a drop in the bucket if private industry did not join in with its capital and its money. To stimulate investment of private capital a more aggressive policy of reflation must be followed.

Congress certainly should have some control over our monetary agents in this country. It would seem that we should have some control over the Federal Reserve Board, and some control over the Treasury Department. If we have not, we should have. In my opinion it is perfectly evident that the Federal Reserve Board, in connection with the Secretary of the Treasury, in the latter part of 1936 and the early part of 1937 caused the recession of 1938, as it is called, and did it deliberately on the advice of banking interests of the country.

In the latter part of 1936 and the early part of 1937 commodity prices in this country had reached nearly the parity of 1926. As a matter of fact, farm commodity prices had reached 96, as compared with a hundred in 1926, and the purchasing power of the dollar was down to 101 on the same basis.

On page 3 of the Federal Reserve report, made in 1937, it is stated:

The increase in durable-goods production reflected purchases of equipment both by industry and by individuals, as well as further expansion in construction. There was a general rise in employment, and income in both urban and rural areas was considerably larger than in other recent years. Capital values increased during the year, and in the latter part of the year there was a general advance in commodity prices. Total national income rose to \$63,800,000,000 for the year, as compared with \$55,000,000,000 in 1935 and a low of \$39,500,000,000 in 1932.

The culmination of the Hoover administration.

During 1936, however, business drew upon the banks and upon investors' funds to a considerably larger degree. Commercial loans to bank customers, after 3 years of little change, increased by \$1,000,000,000; and securities issued by corporations to obtain new capital (as distinct from refunding issues) amounted to \$1,200,000,000, or more than the aggregate for the previous 4 years combined.

At the opening of 1937 economic activity was increasing rapidly. The output of mines and factories, after a steady rise for 2 years, had reached the average level of 1929. Increased activity was manifested both in the industries producing goods for immediate consumption and in those producing durable goods. Capital expenditures by manufacturing industries were increasing rapidly, in line with output and profits. There was some revival in residential construction, which had dwindled to a very low level during the depression and was far from normal. Employment was expanding and wage payments were rising even more rapidly as the result both of reduction of part-time employment and of increases in hourly wage rates. Increased farm income, a largess of dividend disbursements, and larger wage payments resulted in an increase in retail and wholesale distributions. Prices of securities were of the highest level since the early part of the depression: Yields on bonds, both Government and corporate, had reached exceptionally low levels, and capital issues of corporations were in the largest volume of the recovery years. Many commodity prices were rising rapidly. Advances were particularly pronounced in agricultural and other raw materials; prices of finished goods were also rising. Increased domestic demand, together with a considerable volume of foreign demand, contributed to the advance.

A wave of buying was in progress.

Relative to bank loans and the expansion of deposit currency, the Federal Reserve Board reports as follows in 1937, from page 2:

The total volume of bank deposits and currency continued to grow and at the beginning of 1937 was at the highest level in the country's history. Bank loans to trade and industry had increased considerably and were growing. New York City banks were reducing their holdings of Government securities, but total investments of banks had changed little in the last half of 1936.

This is from the 1937 report of the Federal Reserve Board. Let me make it clear that the Federal Reserve Board cannot control the credit of this country, because a depositor in a bank will not use his money to buy anything so long as he thinks there is a deflationary movement underway and prices are going down. A bank for the same reason will not lend money so long as it believes there is a deflationary movement and prices are going down. Let the depositor think that prices are going up and he will buy, and the bank will join him in lending. The Federal Board has no control over the bank's credit. It has control over the currency in this country. Every time the suggestion is made that the Government use its function in issuing currency, instead of selling interest-bearing bonds to pay expenses of operation, business and banking institutions have been taught to be afraid, and they are afraid that something will happen to our currency similar to what once happened to the German mark. Therefore, the Federal Reserve Board apparently does not know what to do. It will say that there is just as much currency in this country now as there was in 1929. That is true. But where is it? In 1929 it was in the hands of the people. At the present time it is hoarded by the banks on one hand and hoarded by the depositors on the other.

The deposits at the present time are hoarded. It would make no difference if there were \$20,000,000,000 in currency registered in the Treasury reports as being in circulation, which would simply mean that it was outside the Treasury, if all of it were hoarded in banks, or both by the banks and by the depositors. There is no doubt that when the Thomas silver amendment to the agriculture bill was agreed to, authorizing the United States Treasury to issue and spend \$3,000,000,000 in Treasury notes, it had an inflationary effect. Why? Because, as a leading banker said, there had never before been such an inflationary movement in this country. In addition, it provided another \$3,000,000,000, which the Government might use to take up its current accounts. That made a total of \$6,000,000,000. It was Mr. Warburg who suggested that if such a bill was passed, everyone who had a deposit would run out and buy something solid—buy commodities and real estate—and there would be the greatest inflation in commodity values that the United States ever saw.

I greatly regret that practically none of that power has ever been utilized by the President of the United States. He did not utilize the authorized \$3,000,000,000 increase in currency. And to make matters worse, as the inflation period was coming, and the course of prosperity and commodity prices moved up to July 1933, the Treasury Department, advised by bankers of the country, again became frightened of a boom, and deliberately issued a statement that there would be no inflation, and then prices dropped.

We have six-billions-and-some-odd dollars in currency available in this country. Three-fourths of it at this time is hoarded or unissued. We also have the privilege, if we want to do so, of issuing \$750,000,000 of actual gold currency. Unfortunately, that is all the gold of the \$15,000,000,000 we have in the country, that is unallocated. We have the power today to issue \$3,000,000,000 in silver currency. That total would not nearly make the actual minimum we should have. The Federal Reserve Board can retire Federal Reserve notes. So the Federal Reserve Board has absolute power over currency inflation and deflation. Under their policies, there certainly is no danger of currency inflation. But why not reflation? It is of interest to quote from the recent hearing before the Special Committee of the Senate upon the silver investigation:

The chairman [Mr. PITTMAN] asks:

What do you call "currency inflation?" Describe "currency inflation." I have heard the expression used quite a lot. I would like to know distinctly what it is.

Mr. Eccles, Chairman of the Federal Reserve Board, answered:

To me it would mean where the supply of money in bank deposits and currency, in the hands of those that spend that money, is greater than a country's ability to produce the goods for the market. It would be a condition of overemployment, a condition of

inability to produce the goods, so that the supply of money in the hands of those who spend it is in excess of a country's ability to supply the demands.

The CHAIRMAN. What would be the effect, then?

Mr. ECCLES. The effect would be the rapidly rising price level. It would be a diminution of the purchasing power of the dollar.

We cannot escape the conclusion that inflation, or rather reflation to the 1926 level, was in full swing in 1937. The authorization for control had been granted by Congress to the Federal Reserve Board.

This is what the Federal Reserve Board did about it, working with the Treasury Department. On page 2 of the 1937 report we find the following:

The rate of advance in business activity was, in fact, so fast that there were evidences of unsound developments.

There is the whole secret. There were evidences of unsound development. Prosperity was moving forward too rapidly to suit them, and there was threat of a boom. Yet there were 8,000,000 unemployed in this country at the time of that so-called threat of a boom. I read further:

There was a large increase in forward orders in anticipation of further price and wage increases, together with uncertainties regarding deliveries, partly due to labor disputes, and shortages were developing in plant and equipment and in some classes of skilled labor. Notwithstanding the fact that recovery was far from complete and that there was still a large amount of unemployment, boom conditions were developing in particular industries and boom psychology began to be manifested.

Then what happened? On page 1 of the report of 1937 we find that the Board took action to check the upswing. This is what it reported:

In July 1936 and again in January 1937 the Board of Governors took action to increase reserve requirements and thereby to eliminate a large part of the excess reserves that had accumulated. The combined effect of these two actions of the Board was to double the reserve requirements of member banks. Thus the power conferred upon the Board by the Banking Act of 1935 to increase reserve requirements for the purpose of preventing injurious credit expansion was fully utilized.

In December 1936 the United States Treasury inaugurated a policy of setting aside in an inactive stock all gold purchased subsequent to December 23, 1936, and thereby preventing the further acquisition of gold from increasing bank reserves. The Treasury and Federal Reserve measures taken together largely eliminated the basis of a potential credit expansion arising from the large movement of gold to this country which had begun in 1934 and had greatly expanded the credit base of the country.

The result was the situation we have today. In my opinion, the fault lies not with the authorization, but failure to use the authorization to the limits prescribed by Congress. Our salvation lies in a continuance of the authorization.

Now, as to the matter of the silver purchases. For every dollar's worth of silver purchased under the price of 64.64 cents per ounce the Government makes a similar profit, every dollar of which removes that much burden from the shoulders of the taxpayer. [Applause.]

Mr. SOMERS of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Utah [Mr. MURDOCK].

Mr. MURDOCK of Utah. Mr. Chairman, after listening to the debate on this legislation, my mind goes back to 1933 when the Roosevelt administration came into power. This Government was suffering from the worst depression in its history. The Republican administration of President Hoover, which included many of the illustrious and distinguished Republican Members who have spoken in opposition to this legislation, was absolutely baffled and confused with the problems confronting it, which confusion was emphatically demonstrated by their helpless inactivity. Immediately on taking over the reins of government, President Roosevelt, supported by a Democratic Congress, began action. The new President realized that the great commercial nations of the world were indulging in a great international currency poker game. He realized that this country was absolutely at the mercy of other nations by reason of our adherence to the gold standard. He was informed as to the great equalization fund in use by England to manipulate the currencies of all other countries, including that of the United States, to the advantage of England and the disadvantage of the United States and other countries. It is too long a story to go into in detail; but the debate of the opposition still rings in our

ears wherein they predicted absolute ruin and chaos if we took action. Their debate of today seems like the echo of yesterday. But we did take action. For the first time in our history, Congress asserted its constitutional power of controlling the value of our money. We created the stabilization fund, out of the \$2,800,000,000 profit reaped by the Treasury as a result of decreasing the gold content of the dollar. Within very specific limits, we gave the President the power to fix the gold content of the gold dollar. We also gave him the same power with reference to the silver dollar. We provided for the unlimited coinage of both gold and silver, subject to the discretion of the President, if and when certain conditions and contingencies came into existence. Under the act we are considering today, these powers are to be continued until June 30, 1941. If the conditions of the world were unsettled when the powers were originally granted, they are far more unsettled today, as a result of conditions existing in Europe, Asia, and Africa. We have not yet settled economic conditions in our own country, although they are much improved over what they were when we came into power. The questions involved in this legislation, in my opinion, are partisan. They were partisan in 1932, in 1934, and will always continue to be partisan.

Some speakers from the Republican side today have denied that their attitude toward this legislation is partisan. But all a Democrat needs to do is to look at the vote on the adoption of the rule to be thoroughly convinced by their actions, which speak louder than their words, that so far as the minority is concerned, the question is partisan, just as it was 6 years ago. But let us on the Democratic side not forget that the welfare of this Nation is still the responsibility of the Democratic Party, and that that responsibility will continue for at least approximately 2 years. It is the Democratic President and a Democratic Secretary of the Treasury asking a continuation of these powers. It is the duty and the responsibility of the Democratic side of the House, in my opinion, to maintain their ranks and carry this legislation.

Every phase of the bill has been thoroughly discussed, except the place of silver in this legislation. I, therefore, Mr. Chairman, will devote the rest of my remarks to this phase of the question, first calling attention to the fact that it is under this legislation that every ounce of domestic silver has been purchased during the Roosevelt administration, that it is the following provision in the Gold Reserve Act that gives the President the power to differentiate in the purchase of silver between domestic and foreign:

The President is authorized, in his discretion, to prescribe different terms and conditions and to make different charges, or to collect different seigniorage, for the coinage of silver of foreign production than for the coinage of silver produced in the United States or its dependencies. The silver certificates herein referred to shall be issued, delivered, and circulated substantially in conformity with the law now governing existing silver certificates, except as may herein be expressly provided to the contrary, and shall have and possess all of the privileges and the legal-tender characteristics of existing silver certificates now in the Treasury of the United States, or in circulation.

If, therefore, we want to perpetuate the purchase of domestic silver at a price above that of foreign silver, then it is necessary to continue the foregoing provision.

The State of Utah, a district of which I have the honor to represent in the House of Representatives, is one of the two largest producers of silver in the entire United States. Utah and Idaho compete with each other for first place in the production of silver—one year Utah may be first, and the next year Idaho. Utah's greatest industry is mining. Nearly half of its population is directly dependent on mining. Salt Lake City is the center of the metal-mining industry of the United States. Salt Lake City and its immediate vicinity is probably the greatest nonferrous smelting center of the world. When the mining and smelting industry is prosperous, the West is prosperous. When this great industry is not prosperous the West is not prosperous. Some people have the idea that silver is mined by itself, but that is incorrect. Silver is seldom mined alone, but is produced in connection with lead, zinc, copper, and gold. The success

of the mining industry depends upon the composite price of ores containing two or more of these metals—in many cases, four together.

For the last several years the price of all metals has been below normal, except for short periods of time. You will, therefore, see that the price of silver has a very direct and material bearing on the success of metal-mining operations. Almost immediately after the domestic silver price was raised by the present administration, and the gold price was increased, mines all over the West began to operate. Many mines that had been closed for years resumed operation. Mining towns that were rapidly deteriorating were vitalized and new life inspired. The West began to prosper, miners went back to work in large numbers, and the old spirit, which had made the West possible, returned. Miners employed at decent wages, in my opinion, are the greatest spenders in the world. They believe in a high standard of living; they believe in having good homes; they believe in education; they take pride in seeing that their wives and children have as much and as good as any other class of people.

Under the President's proclamation of April 24, 1935, the price of domestic silver was fixed at \$0.7757 plus per fine ounce, and continued at this price until December 1937, at which time it was, by proclamation of the President, reduced to \$0.6464 plus. This price was again fixed in December 1938 and is the price which is now being paid for domestic silver. At this time I desire to call your attention to the fact that almost immediately after the proclamation in December of 1937 reducing the price of silver from \$0.7757 plus to \$0.6464 plus employment in metal mines in the States of Arizona, Colorado, Idaho, Montana, New Mexico, Nevada, and Utah began dropping off and pay rolls decreasing, until by October 1938 employment had dropped off 23.9 percent and pay rolls 29.4 percent. This should certainly give you an idea of how keenly and immediately a decrease in metal prices affects the economy of these Western States. I will conclude my statement, so far as employment is affected by the price of silver, by saying that unless silver is maintained at an equitable price the West will suffer.

Coming now to the arguments which are current today against the silver program of the present administration, I first call your attention to the fact that the history of money is closely identified with the use of gold and silver as money. Silver was used as money even before gold, and has been used just as extensively for money as gold. These two metals have been found by all civilized nations to be the most convenient and safest metallic backing for money. Some may say that we have now reached the point where metallic backing and redemption of currency can be done away with. I will not attempt to answer this argument, but will say that if we are to have a metallic backing for our money, then there is no better metallic base than gold and silver. Silver, as money in the United States, was valued many years ago by a law at \$1.29 per ounce. That is its monetary value today. Let us first consider now just what happens in the purchase of silver by the Treasury under the silver program of the present administration. Speaking of the purchase of foreign silver, taking the year of 1938, the average cost to the Federal Treasury for foreign silver was 49.8 cents an ounce.

Under the program, when foreign silver is offered for sale to the Treasury, this is what happens: An ounce of foreign silver is delivered to the Treasury; it is paid for at the rate of 49.8 cents an ounce in silver certificates. Immediately upon its receipt by the Treasury, it is monetized at \$1.29 an ounce. For convenience, let us take two ounces of foreign silver purchased at 49.8 cents an ounce, which would amount to 99.6 cents or in round figures, \$1. For the two ounces of foreign silver, a silver certificate in the amount of \$1 is issued and goes into circulation. The two ounces of silver in the Treasury, at their monetary value, amount to \$2.58, so that at least, on a bookkeeping transaction, the Federal Treasury has profited to the amount of \$1.58. Now, if the holder of the silver certificate for \$1 wants to redeem that silver certificate at the Treasury and presents it for redemption, he will receive a silver dollar containing approximately

three-fourths of an ounce of silver. Looking at it from the redemption standpoint, the Federal Treasury receives two ounces of foreign silver and issues a silver certificate in the amount of \$1 against it. But when the silver certificate is presented for redemption, the Federal Treasury redeems it with three-fourths of an ounce of silver, thereby making a profit of 1¼ ounces of silver. Therefore, on the bookkeeping transaction, the Federal Treasury made a profit of \$1.58. From the standpoint of redemption, it made an ounce and a quarter of silver. How then can even the enemies of silver say that there is a loss to the Federal Treasury, if they want to be fair? I admit that the 49.8 cents is about 6 cents higher than the world price for silver, but even at that price, if we sold the ounce and a quarter of silver remaining in the Treasury, after having redeemed the silver certificate we paid for the two ounces of foreign silver, we certainly would still be making a very fine profit. But it is said that they use these silver certificates issued to them for their silver, above the world price, in securing American goods and American securities, and try to point out that there is a loss from this angle.

Is not that the very thing that we have all been aiming at—to encourage the purchase of American goods, American services, and American securities? Looking at it exclusively from this angle, let us see whether there is any loss. In order for the foreigner to purchase American goods, services, or securities, he has to exchange his pounds, francs, marks, guilders, or yens for American dollars. Under our present monetary system the silver certificate circulates at par with all other types of currency issued by the United States. Silver certificates circulate at par, and, without any question, right alongside of Federal Reserve notes. When the foreigner exchanges the currency of his country for our dollars, he makes no distinction between Federal Reserve notes and silver certificates. He would just as soon have one as the other, because one buys just as much of anything as the other. So, as I see the picture, we are certainly not taking any loss as a result of the use of silver certificates issued against silver purchased from abroad when the foreigner is purchasing in the United States.

Now, let us see what happens when the citizens of the United States want to purchase goods, services, or securities in some foreign country. They must exchange their American dollars for either pounds, francs, marks, guilders, or yens, depending upon the country in which they make their purchases. Here again we find the silver certificate circulating at par with all types of other American money, and especially with Federal Reserve notes. No distinction is ever made in the purchase of any foreign exchange between the Federal Reserve note and the silver certificate. We therefore must conclude that, so far as the citizens of the United States are concerned, as long as Uncle Sam's guarantee appears on our currency and the taxing power of the Nation is behind it, it makes no difference to us whether it is a silver certificate or a Federal Reserve note—they have identical purchasing power and identical debt and taxpaying power. The foreigner who comes within our borders to purchase makes no distinction whatever, and when our citizens purchase abroad the foreign seller makes no distinction whatever between the Federal Reserve note and the silver certificate. Even my distinguished colleagues here in Congress, and especially those on this committee, who make such tirades against our silver program, would not trade these abhorrent silver certificates at any discount whatever for their beloved Federal Reserve notes.

Great bankers protest that silver certificates are crowding Federal Reserve notes out of circulation. To this I say amen. In my study of money and banking, and I have made a considerable study of these subjects, I have come to the conclusion that the only money that the banker is particularly interested in is what I call "emotional" money—money created by the banker himself out of my debt and yours. It is also known as check-book money. Why do I refer to it as "emotional" money? Simply because its volume is wholly dependent upon the emotions of the bankers. If the future

looks rosy and bright, it can be had in abundance, but when the first dark cloud appears on the horizon, its destruction is begun and deflation sets in. On the other hand, every ounce of silver represents human labor. It cannot be produced without human labor. So far as our domestic silver is concerned, it represents the human labor of hard-working American miners.

Now, let us briefly look at the situation from the domestic standpoint. For convenience, let us take 17 ounces of domestic silver. It is delivered to the United States Treasury and, at \$0.6464 plus, the Treasury will pay to the person making delivery of the silver approximately \$11 in silver certificates. This 17 ounces of silver, at the monetary value of \$1.29 an ounce, is valued by the Treasury at approximately \$21.95. The Government makes a profit of approximately \$11 on the bookkeeping transaction. From the standpoint of redemption, when the \$11 in silver certificates are presented for redemption, the Treasury delivers to the holder thereof not the 17 ounces of silver formerly delivered to the Treasury for the \$11 in silver certificates, but just half of the 17 ounces, to wit, 8½ ounces, so that on the redemption the Government has made a profit of 8½ ounces of silver. This seems to me to be anything but a fictitious profit. If the United States Government could make the same kind of a profit on all of its transactions, what a glorious country this would be. This transaction is referred to by the enemies of silver as a subsidy to the silver producers of the Nation. What a misnomer this is. What an injustice it is to take 17 ounces of silver, issue a receipt therefor which is redeemable by the Government with only 8½ ounces of silver, and then tell the silver miners that you are subsidizing them. This Government is rather generous in the way of subsidies. It subsidizes air travel and transportation. It subsidizes our merchant marine. The people of the United States subsidize the distilleries of the United States, the great manufacturing plants, cotton, and other agricultural commodities, but can the enemies of silver, who are so willing to subsidize these other things, show where the Government makes even a bookkeeping profit, let alone an actual profit?

Silver certificates are the only money in circulation in the United States today which is redeemable in metal. It is the only money of which I know that is not created out of debt. I say this, notwithstanding statements made by some great bankers. The only way, in my opinion, that this Government can take a loss under its silver program would be to strike it down; to take away from Congress and the President the constitutional function and duty of controlling the value of our money and to dump our vast accumulation of silver onto the world market for the deliberate purpose of destroying the world's silver price. Certainly, we would not be foolish enough to do that. I cannot even conceive of the most partisan enemy of the Democratic Party, or of President Roosevelt and his administration, wanting to do that merely for political purposes.

I desire to include, Mr. Chairman, a short paragraph on silver used in the industrial arts, as follows:

The domestic consumption of silver by the industrial arts during the year 1937 was greater than in any year in the history of this country. The amount so consumed during 1937 was 51,292,270 fine ounces. The average annual amount of silver used by the industrial arts from 1880 to 1937, inclusive, was 22,469,605 fine ounces. The 1937 consumption represents an increase over the annual average consumption since 1880 of 128 percent. This comparison shows that the demand for silver by the industrial arts is increasing.

And another paragraph on gold and silver exports:

The total gold exports from the United States from 1873 to 1937 amounted to \$6,763,797,626, while the total imports for this period amounted to \$14,243,240,713, leaving an excess of imports over exports of \$7,479,443,087. On the other hand, the total silver exports from the United States during the period 1873 to 1937, inclusive, amounted to \$3,488,808,235, while the total imports for this period amounted to \$2,882,400,364, showing that our silver exports exceeded our silver imports during this period by \$606,407,871.

The 128-percent increase in the consumption of silver in the industrial arts during the year 1937 over the annual average consumption since 1880 should certainly indicate to

those opposed to silver that it is not such a valueless commodity. On the question of imports and exports of silver during the period from 1873 to 1937 we find that the balance of trade is still \$606,407,871 in our favor.

To clear up any misapprehension which may exist in the minds of any of the Members as a result of the discussion by my distinguished colleague from Illinois [Mr. REED] on the constitutionality of the delegation of powers to the President under this legislation, which will be continued by the adoption of this bill until June 30, 1941, I will devote the remainder of my time to a discussion of this phase of the question.

From a consideration of the authorities, it is clear that such delegation of power is constitutional.

In the case of *J. W. Hampton Jr. & Co. v. United States* ((1928), 276 U. S. 394), the Supreme Court upheld the constitutionality of section 315 (a) of the Tariff Act of September 21, 1922 (42 Stat. 848), pursuant to the terms of which the President, under certain conditions, had the power by proclamation to raise or lower tariff duties on particular commodities by as much as 50 percent.

A comparison of the provisions of the Tariff Act of 1922, involved in the Hampton case, and the provisions of the act under consideration reveals a significant analogy. Section 315 (a) of the Tariff Act of 1922 provided that action shall be taken pursuant thereto—

Whenever the President upon investigation of the differences in costs of production of articles, wholly or in part the growth or product of the United States, and of like or similar articles, wholly or in part the growth or product of competing foreign countries, shall find it thereby shown that the duties fixed in this act do not equalize the said differences in costs of production in the United States and the principal competing country.

The act here under consideration provides for action—

whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or (3) an economic emergency requires an expansion of credit, or (4) an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments.

The Tariff Act specified that upon making such findings the President (sec. 315 (c))—

shall by such investigation ascertain said differences and determine and proclaim the changes in classifications or increases or decreases in any rate of duty provided in this act shown by said ascertained differences in such costs of production necessary to equalize the same. Thirty days after the date of such proclamation or proclamations such changes in classification shall take effect, and such increased or decreased duties shall be levied, collected, and paid on such articles when imported from any foreign country.

The analogous provision of the act here under consideration authorizes the President—

to fix the weight of the gold dollar in grains nine-tenths fine and also to fix the weight of the silver dollar in grains nine-tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies (subsec. (b) (2) of 31 U. S. C. 821).

The Tariff Act of 1922 provided that in the exercise of such power—

the total increase or decrease of such rates of duty shall not exceed 50 percent of the rates specified in title I of this act.

The act here under consideration provides that in the exercise of such power by the President—

In no event shall the weight of the gold dollar be fixed so as to reduce its present weight more than 50 percent. Nor shall the weight of the gold dollar be fixed in any event at more than 60 percent of its present weight.

An equally significant analogy is revealed by a comparison of the constitutional provisions relating to the powers of Congress with respect to tariffs with those relating to the powers of Congress with respect to money.

The power of Congress to enact tariffs is derived from article I, section 8, clause 1, of the Constitution:

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The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States * * *

By clause 5 of section 8, article I, Congress is authorized—
To coin money, regulate the value thereof, and of foreign coin * * *

In deciding that the delegation under section 315 of the Tariff Act of 1922 was valid, the Court said in its decision in the Hampton case, at pages 405, 411:

Congress seems to have doubted that the information in its possession was such as to enable it to make the adjustment accurately, and also to have apprehended that with changing conditions the difference might vary in such a way that some readjustments would be necessary to give effect to the principle on which the statute proceeds. To avoid such difficulties, Congress adopted, in section 315, the method of describing with clearness what its policy and plan was, and then authorizing a member of the executive branch to carry out its policy and plan, and to find the changing difference from time to time and to make the adjustments necessary to conform the duties to the standard underlying that policy and plan. As it was a matter of great importance, it concluded to give by statute to the President, the chief of the executive branch, the function of determining the difference as it might vary * * *

What the President was required to do was merely in execution of the act of Congress. It was not the making of law. He was the mere agent of the lawmaking department to ascertain and declare the event upon which its expressed will was to take effect. * * *

It is submitted that the reasoning of the Court in the Hampton case, in view of the close analogy between the statutory and constitutional provisions there involved and those presently involved, is equally applicable to the question under consideration.

It is also of interest to note that when the Senate considered the Thomas amendment in April 1933 and the gold-reserve bill in 1934, very extended consideration was given to the question of the constitutionality of the delegation to the President to devalue the dollar. The proponents of the measure stated that the legislation had been drafted in such a manner as to comply strictly with the test laid down by the Supreme Court in the Hampton case, CONGRESSIONAL RECORD, volume 77, part 2, page 2227. This was recognized by Senator BORAH, who was the leader of the group attacking the constitutionality of the delegation. He said:

It seems to me that the rule of conduct here is quite as accurate and quite as well defined as it was with reference to the creating of the Tariff Commission (CONGRESSIONAL RECORD, vol. 78, pt. 2, p. 1329).

Senator BORAH, however, had just previously indicated his belief that the Hampton case was incorrectly decided.

It has always seemed to me—

He said—

with all due respect to that great tribunal, that when we created the Tariff Commission and gave it its power, together with the President, to deal with the tariff, that we were delegating legislative power, and with reference to a subject equally vital to that of coining money, to wit, raising taxes (CONGRESSIONAL RECORD, vol. 78, pt. 2, p. 1329).

Senator BORAH, therefore, in effect recognized that if the Hampton case was correctly decided, then the delegation of dollar-devaluation powers was entirely valid. Nevertheless, the Hampton case has continued to be regarded by the Supreme Court as properly decided and as the leading case in the field of valid delegation of legislative powers.

Furthermore, since the exercise of the power to revalue the dollar is most likely to occur as a result of action taken by foreign countries in depreciating and devaluing their currencies, it could fairly be argued that the devaluation of the dollar is closely related to international relations and that therefore the constitutionality of the delegation must be viewed on the basis of the rule laid down in *United States v. Curtiss-Wright Export Corporation* ((1936), 299 U. S. 304), where the Court recognized that greater discretion could be delegated to the President in the field of international relations than in the field solely of domestic affairs.

The statute under consideration is clearly distinguishable from that involved in *Panama Refining Co. v. Ryan* ((1935), 293 U. S. 388). In that case section 9 (e) of title I of the

National Industrial Recovery Act of June 16, 1933, 48 Stat. 195, was before the Court. That section provided, in part, as follows:

The President is authorized to prohibit the transportation in interstate and foreign commerce of petroleum and the products thereof produced or withdrawn from storage in excess of the amount permitted to be produced or withdrawn from storage by any State law or valid regulation or order prescribed thereunder, by any board, commission, officer, or other duly authorized agency of a State.

In holding that there was an unconstitutional delegation of legislative authority to the President by virtue of that section, the Court stated, at pages 415, 430:

Section 9 (c) does not state whether, or in what circumstances, or under what conditions the President is to prohibit the transportation of the amount of petroleum or petroleum products produced in excess of the State's permission. It establishes no criterion to govern the President's course. It does not require any finding by the President as a condition of his action. The Congress in section 9 (c) thus declares no policy as to the transportation of the excess production. So far as this section is concerned it gives to the President an unlimited authority to determine the policy and to lay down the prohibition, or not to lay it down, as he may see fit.

We think that section 9 (c) goes beyond these limits. As to the transportation of oil production in excess of State permission, the Congress has declared no policy, has established no standard, has laid down no rule. There is no requirement, no definition of circumstances and conditions in which the transportation is to be allowed or prohibited.

In the famous *Schechter* case (*Schechter Poultry Corp. v. United States* (1935), 295 U. S. 495) the validity of section 3 (c) of the National Industrial Recovery Act was involved. This section authorized the President to approve "codes of fair competition" upon a finding that the codes would "tend to effectuate the policy" of the act. The question there presented was regarded as more fundamental than that presented in the *Panama* case, for the statute did not include a precise statement of the subject to which the President's regulatory power under section 3 (c) was addressed. The Court, after having turned to the statements of policy in section 1, stated that it was unable to determine what constituted or what regulation might be included in a code of fair competition, and it therefore held that the statute had failed to specify with sufficient particularity the subject with which the President was authorized to deal. Accordingly, it concluded that the President's discretion in prescribing rules for the government of trade and industry being virtually unfettered the code-making authority conferred by the act was an invalid delegation of legislative power.

The validity of the President's exercise of the power to revalue the dollar in 1934 was recognized by the Supreme Court in the so-called Gold Clause case. In *Norman v. B. & O. Railway Co.* (1935) (294 U. S. 240), the abrogation of gold clauses in private obligations by the joint resolution of June 5, 1933, was upheld on the ground that such gold clauses constituted an interference with the exercise by the Congress of its constitutional power to regulate the monetary system. One of the aspects of congressional regulation of the monetary system with which the Court considered gold clauses to be an unwarranted interference was the exercise by Congress, through the President, of the power to revalue the dollar. Thus it was stated at pages 314 and 315:

Section 43 of the act of May 12, 1933 (48 Stat. 51), provided that the President should have authority, on certain conditions, to fix the weight of the gold dollar as stated, and that its weight as so fixed should be the standard unit of value with which all forms of money should be maintained at a parity. The weight of the gold dollar was not to be reduced by more than 50 percent. The Gold Reserve Act of 1934 (Jan. 30, 1934, 48 Stat. 337) provided that the President should not fix the weight of the gold dollar at more than 60 percent of its present weight. The order of the President of January 31, 1934, fixed the weight of the gold dollar at 15 $\frac{1}{2}$ grains 0.9 fine, as against the former standard of 25 $\frac{1}{2}$ grains 0.9 fine. If the gold clauses interfered with the congressional policy and hence could be invalidated, there appears to be no constitutional objection to that action by the Congress in anticipation of the determination of the value of the currency. And the questions now before us must be determined in the light of that action.

The validity of the President's power to revalue the dollar was also a basic assumption of the decisions in *Nortz v.*

United States (1935) (294 U. S. 317), and *Perry v. United States* (1935) (294 U. S. 330).

It is of particular interest to observe that the decisions in the *Norman*, *Nortz*, and *Perry* cases were handed down after the decision in the case of *Panama Refining Co. against Ryan*, supra, in which the Court considered at great length the question of delegation of legislative power. The fact the Court had so recently and exhaustively considered the question of delegation of legislative power when the *Norman*, *Nortz*, and *Perry* cases were decided makes it even more apparent that the Court was satisfied that the revaluation of the dollar by the President was a proper exercise of authority validly conferred upon the President by Congress.

In more than 30 cases involving the gold legislation enacted by Congress in 1933 and 1934 argued before courts in all parts of the country the validity of the revaluation of the dollar by the President has been unquestioned not only by the courts but by eminent counsel. In only one case has the revaluation of the dollar been challenged, and in that case on the ground that Congress itself does not possess the power to revalue the dollar.

It is also of interest to consider the result which has been reached by the courts in a situation in which another part of the recent monetary legislation of the Congress has been challenged on the ground that it involves an invalid delegation of legislative power. In the case of *Campbell v. United States* (D. C. S. D., N. Y., 1933, 5 Fed. Supp. 156), section 5 (b) of the Trading With the Enemy Act, as amended by section 2 of the act of March 9, 1933 (48 Stat. 1), was so challenged. That section provides in part:

(b) During time of war or during any other period of national emergency declared by the President, the President may, through any agency that he may designate, or otherwise, investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, transfers of credit between or payments by banking institutions as defined by the President, and export, hoarding, melting, or earmarking of gold or silver coin or currency.

The Court specifically rejected the contention that there was an invalid delegation of power to the President, holding that the section fully complied with the requirements laid down in the decisions of the Supreme Court (5 F. Supp. 172, 173). The power of the President to revalue the dollar clearly meets those requirements.

There is no doubt, Mr. Chairman, in my mind about the constitutionality of the powers heretofore delegated to the President. In closing, and speaking particularly to the Democratic side of the House, I again call to your attention that it is the responsibility of President Roosevelt and the Democrats in Congress to conduct the affairs of this country at least until January 1941, and, in my opinion, we will not consider at this session or the session of 1940 more important legislation than the bill before us today, and I hope that the vote on the Democratic side of the House is unanimous in the passage of this legislation.

Mr. REED of New York. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion of the gentleman from New York that the Committee do now rise.

The question was taken; and on a division (demanded by Mr. REED of New York) there were—ayes 20, noes 43.

So the motion was rejected.

Mr. REED of Illinois. Mr. Chairman, I now yield to the gentleman from Oregon [Mr. ANGELL].

ABRAHAM LINCOLN PLEADS AGAIN, MARIAN ANDERSON SINGS

Mr. ANGELL. Mr. Chairman, I ask the indulgence of the House to call attention to a happening that took place in our Capital City last Easter which is of more than passing interest, in fact of deep significance.

Many years ago when our country was young and bands of pioneers were trekking across America, extending its frontiers and making homes in the wilderness, a large company camped one night on the banks of a mountain stream. In the morning they broke camp, forded the stream and were proceeding on their way when it was discovered that a little dog had become separated from the camp and had been

left on the opposite side of the stream, where he would perish. The company was eager to be on its way and no one seemed interested in retracing his steps to rescue him, save one small lad who rolled up his trousers, waded across the icy stream, and saved the little dog. Many years have passed and America has become a great nation. We do not recall the names of those who were in that company of emigrants on that day so long ago except the little boy who waded the icy stream to save the dog. On the banks of the Potomac, at the head of the Mall, here in our Nation's Capital, is erected a great memorial to commemorate that boy. Seated within is a heroic statue sacred to his memory. The boy's name was Abraham Lincoln.

The sympathetic and understanding heart of the boy who would not let the dog perish later led the man to give his life as a sacrifice that all America might be free.

I read in a local newspaper last week that each afternoon for 2 weeks, recently, in our Capital, an aged Negro plodded slowly past the District Courthouse on Indiana Avenue. Each time he came abreast of the tall, marble statue of Lincoln in front of the building he straightened his aged, bowed shoulders and tipped his hat to the Emancipator. One day a court clerk stopped the man and questioned him. He learned that he is 92 years of age and that his name is Ezra Jenkins. He was asked why he raised his hat. "Well, when I was very young," the old man explained, "Abraham Lincoln came to the town where we lived in Illinois. I was just a little 'shaver' and my mother had run away from down South when my pappy died. She fixed the meal for Abraham Lincoln that day, and when he was done he came and thanked her. But he took off his hat when he talked to her, and everybody noticed it. If Abraham Lincoln could take off his hat to my mother, I sure can take off my hat to him."

Last Easter Day was drawing to a close, and our thoughts were still lingering upon the services commemorating the risen Christ and His age-old message, so needed today—peace, good will, tolerance. The sun was sinking in the western hills beyond the Potomac in our beautiful Capital. Its slanting rays were casting shadows of the memorial to Abraham Lincoln across the broad steps and greensward leading to the Mall and the great shaft commemorating the Father of his Country. The whole landscape, with the witchery of spring, was a thing of beauty—the reflecting pool, the rising dome of the stately Capitol on the hill beyond, the bordering trees bursting into leaf and color, and the air laden with the perfume of a lovely spring garden. Into this scene came a vast concourse of citizens—75,000 or more—gathered in the open in front of the memorial and away toward the Washington Monument. They came from nowhere and everywhere, black and white, of high degree and humble lineage. They came in shining limousines and age-worn, rickety motor cars. Many trod on foot. Many of our countrymen, upon whom the mantle of authority has fallen, selected to occupy high places in our Government, were there—members of the United States Supreme Court, United States Senate and House of Representatives, and the executive department.

At 5 o'clock there arose before this great multitude a tall Negro girl—Marian Anderson—and her golden contralto voice was lifted on the evening air, not only to the multitude participating in the event, but out on the airways by radio to the people of America everywhere. Marian Anderson, with closed eyes, oblivious to all about her, and with the artistry of genius, was singing *My Country 'Tis of Thee*, *Sweet Land of Liberty* to her own free America in the shadow of the Lincoln Memorial, the shrine of American freedom. She was singing in the greatest auditorium ever made—not built with hands—God's temple, the great out of doors. The words chiseled upon the inner wall of the great memorial seemed to stand forth and take on a new meaning:

In this temple, as in the hearts of the people for whom he saved the Union, the memory of Abraham Lincoln is enshrined forever.

As the rays of light played on the face of Lincoln, lighting up the rugged, kindly features of the Great Emancipator looking out over this impressive scene, it almost seemed he heard and understood and was pleading again through the singing of this humble American girl, whose freedom he purchased with his own life. Again the spirit of Lincoln was pleading through her for tolerance, brotherhood, charity. Again, through her songs, he was saying to the multitudes, as he had said long, long ago:

Our fathers brought forth on this continent a new nation, conceived in liberty and dedicated to the proposition that all men are created equal.

With malice toward none; with charity for all; with firmness in the right, as God gives us to see the right, let us strive on to finish the work we are in; to bind up the Nation's wounds; to care for him who shall have borne the battle, and for his widow, and his orphan—to do all which may achieve and cherish a just and lasting peace among ourselves, and with all nations.

America, the land of freedom, of tolerance, and of understanding, heard and understood. The lingering notes of the last song, *Nobody Knows the Trouble I've Seen*, died away on the evening air. The vast audience, with tear-dimmed eyes, with one accord, loathe to leave, stood and cheered the singer. One of God's great artists, endowed with the gift of the mastery of song, had touched the heart of America. Almost overcome by the plaudits of her countrymen, she stood and, with humility, sincerity, and heartfelt appreciation, said:

I am so overwhelmed that I cannot express the way I feel. You do not know what you have done for me. I only want to thank you again and again.

Marian Anderson's recital was over.

The evening shadows lengthened and the assembled folk went their way. The great memorial was deserted save that seated alone, looking out through the open portals, was the majestic figure of Lincoln, teaching by the story of his life to all mankind until time shall be no more, " * * * malice toward none; * * * charity for all" for "he belongs to the ages."

As we slowly turned our faces away from the Lincoln shrine, the lines of Edgar Guest came again:

I think we want more faith in one another,
A little less suspicion, doubt, and greed,
A little more the feeling of a brother,
A little less of arrogance we need.

Vague border lines which strangely now divide us
Have grown so many that they shut us in.
We fear to walk with those who dwell beside us
Lest something of our own they'd seek to win.

Tutored in selfish thinking down the ages,
We grasp for riches, pomp, and place and power,
Like all the dead that march through history's pages
We're chained and broken to that small word "our."

Some day, perhaps, these barriers will vanish
When minds to nobler thinking shall be stirred.
Men from their hearts old hatreds then shall banish
And "brotherhood" be more than just a word.

Mr. REED of Illinois. Mr. Chairman, I yield now to the gentleman from New York [Mr. HALL].

Mr. HALL. Mr. Chairman, first, I want to say that I approve of everything the gentleman from Illinois [Mr. REED] said about the chairman of the committee. Every person who came before us was given a fair and full hearing, and the chairman, I might say, was more than generous in allotting time to the minority members of the committee for questions.

In my attendance on the meetings of the Committee on Coinage, Weights, and Measures, I listened to the testimony of the Secretary of the Treasury and his many experts with as judicial an attitude as anyone could bring to the subject. The proponents of the pending bill tried hard to be persuasive, but frankly I was left wholly unconvinced on the desirability of extending to the President the extraordinary powers that the pending bill contemplates.

I have not much time allotted to me, and therefore I shall be brief.

You do not have to be an expert on money or its many ramifications to understand certain fundamental principles,

and getting right down to that, I believe that the chairman of the committee presented the basic question to us in his opening remarks when he stated that the passage of this bill might affect not only the people of the United States but all the people of the universe.

The question that is really posed—disregarding all technical verbiage—is whether under our republican form of government we should continue such great power in the hands of any one individual. The delegation of such power, to my mind, is foreign to every thought we have about our Government. Certainly, it controverts the spirit if not the actual words of the Constitution itself.

The President was extended this power originally in 1934 on the plea that as an emergency step it was not only desirable but necessary. Emphasis was then placed on the promise that as soon as the emergency was over the President would relinquish the authority. But the power to the President was again renewed in 1937, based again on the continuing emergency, and now it is proposed to continue it further, again predicated on the continuance of an emergency. But a new twist has been given to the emergency this year; now it seems to be the international emergency. I do not believe, myself, that the people will be taken in by such specious justifications. I think it is the obvious fact that the President simply will not, voluntarily, give up any of the emergency powers that the Congress granted him, and that the only way to recapture them is for Congress itself to force their relinquishment.

The chairman of the committee in his remarks seemed to place stress on the argument that the extension of the Presidential power over money was needed now perhaps more than ever because of the situation in Europe. I am oppositely minded. In these times, when everyone's pulse is beating a little faster, when every word and act of those in power are weighed and pondered for its exact meaning, I would rather have the control of our international monetary policies in the hands of Congress than to have this all-important power subject to the impulsive and unpredictable act of one individual, whether he is the President of the United States or the Secretary of the Treasury.

It is urged—and this seems to be the key argument—that extension of the President's power to devalue gold is imperatively necessary in the protection of this country's stake in the world currency situation today, and that it should be readily available for use by the President to meet threats of foreign currency depreciation.

Assuming the sort of condition that the administration feels may present itself and that currency depreciation began, where would we be when the President reached down to the limit of his authority? Would he come to the Congress and ask for even greater powers, in order to embark on a currency-depreciation race? And, if so, where would we be when the race was over?

Today the declarants under the tripartite agreement are the greatest beneficiaries of a stabilized situation. If currency depreciation is begun, is it to be expected that England or France, participants in the present agreement, will show the way? Is it to be expected that the situations of these countries under the present international circumstances will lend themselves, profitably, to depreciation of their currencies? I feel that the answer is that they will seek to keep the present agreement at practically all costs.

On the subject of foreign-gold purchases by the Treasury it strikes me as a foolhardy policy to continue to buy gold at \$35 an ounce when we know that it can be mined almost anywhere in the world for not more than \$20 an ounce, and in Soviet Russia, for \$8 to \$10 an ounce.

Perhaps, by stretching our imagination, we can justify the subsidy we are paying to our silver producers, but how anyone can justify the payment of such huge subsidies on gold purchases to foreign producers, is inconceivable to me. This, having in mind, that after we buy this foreign-produced gold at such exorbitant prices—we bury most of it in the hills of Kentucky. While foreigners can get some of it, we in the United States are forbidden, under the harshest sort of restriction, to have any of it in our possession.

On the silver-purchase program it is significant that the Secretary of the Treasury, in his statement before the committee, would not express approval of it. Strain as we may, we can find no justification for this program except the subsidization of the silver producers in the West. The whole silver policy of the administration has done nothing but build up a highly inflationary base and thereby create still further uncertainty at home as to our monetary policies.

In closing, let me say this: The granting of these extraordinary and great powers to the President originally have not brought to this country the benefits that were promised. Continuation of such powers will not only continue the great uncertainty that we have today in our business world but may lead to embarrassing complications in view of the unsettled conditions in Europe today.

Let us face the future with the control of all monetary policies in the hands of the Congress of the United States, where it was placed by the Constitution, and where it rightfully belongs.

Mr. REED of Illinois. Mr. Chairman, I yield the remainder of my time to the gentleman from Massachusetts [Mr. LUCE].

The CHAIRMAN. The gentleman from Massachusetts is recognized for 25 minutes.

Mr. LUCE. Mr. Chairman, I might hope that what I have to say may be of some service as it appears in the RECORD and the gentlemen who do me the courtesy to stay here will be duly edified.

I want to use a text for my sermon. The Democratic platform of 1932 said this:

We advocate a sound currency to be preserved at all hazards.

I may add to it another taken from the message of the President of the United States, January 15, 1934, which he began—

In conformity with the progress we are making in restoring a fairer price level and with our purpose of arriving eventually at a less variable purchasing power for the dollar—

He went on to ask legislation, which was enacted.

A review of what has taken place may be worth while in drawing this debate to a close. In 1931 England went off gold and when Congress assembled, at the bottom of the depression, March 5, 1933, with only a few of the nations of the earth remaining on the gold standard, it was probably justifiable that only 5 days later an emergency banking act should be passed, under which the Treasury was authorized to take over gold and gold certificates.

The next step in the monetary program of the administration took place with a rider put upon the Agricultural Adjustment Act in the Senate. A situation which you understand perfectly permits of no adequate discussion in the House. So the House almost silently accepted the proposal of what became known as the Thomas amendment. This provided that there might be issued by the President \$3,000,000,000 of greenbacks without backing and also \$3,000,000,000 more backed by bonds. Thank heaven, that power has never been used. The President remembered perhaps the Democratic platform and his speeches in which he had again and again denied his intention to destroy our financial system with inflation. Remembering them, he did not use that power.

There also was found in that bill the power to reduce the gold content of the gold dollar down to 50. Before using that power he was persuaded—and I think I use the word advisedly—by Professor Warren, of Cornell, to buy gold, and under the authorization that he had, Professor Warren and Professor Rogers, of Yale, took charge on the 25th of October, and began buying gold.

This has been almost completely ignored in the debate that has gone on, and I refresh your memories to show you what took place. For 3 months those two faithful professors proceeded to buy. They bought, bought, and bought, day after day, until they had raised the price to almost \$35. Then the President dismissed his advisers. At least, they left the scene. Perhaps he had made up his mind that this process was not accomplishing what he was after. He

aimed at raising prices. Three months had gone by with only 1 percent of increase in the price level. Evidently the attempt was a failure—one of the notable failures of the administration. He said to himself, I presume, "We will try another method. We will fix the price of gold at \$35." So he did the day after the Gold Reserve Act was signed—January 30, 1934. There it has remained ever since.

The Gold Reserve Act declared that gold was no longer to be the medium of exchange in this country, and since then, for domestic transactions, we have been off the gold standard. We are not alone in that. Every country in the world, with the possible exception of Belgium, is off the gold standard. We have fiat money all around the globe.

The matter was of particular interest to me by reason of the fact that in 1910 the rise in prices that had gone on steadily from 1896 had reached a point where the people were alarmed. They demanded to know why prices were so high. One result was the creation in my State by the legislature of a commission on the cost of living. The Governor of the State saw fit to ask me to be chairman. We were fortunate in having on that committee two men with newspaper training, myself of the two, and who had an interest in economics, and a secretary who was a professor in that subject. We were allowed the magnificent sum of \$15,000. When I contrast that with the million dollars and more that is now being paid out on investigations here, I bow my chastened head. We were given only 7 weeks in which to report, and we did it by staying up all the last night. We put in that report on time and it made a volume of between six and seven hundred pages. It fell to me to write about one-third of the text—that relating to money, which revived my interest in economics begun in college days, and led me to find out something more about money.

At that time it was the nearly universal opinion of the world that money could be used to vary the price level. That was the quantitative theory of money. Do not be scared at that phrase. It is not nearly so difficult as it sounds.

It merely means that you can use money to raise or lower the price level. I will frankly admit I was at that time imbued with the doctrine of the quantitative theory of money; and it persisted so that when I came down here I asked to be put upon the Committee on Banking and Currency for the purpose—the chief—the main purpose of accomplishing something to put into effect that theory. In the committee we discussed this subject for 10 or a dozen years, again and again. The Federal Reserve Board pointed out it had no specified authority to use money for that purpose. It did, however, have the power to accomplish the result by open-market operations and by use of the discount rate. They said to us, however: "For Heaven's sake! Do not tell us to do this; do not put it in print. If you put it in print, then if we fail we shall be blamed. We do not know whether we can do it or not, but do not tell us to do that." Mr. James Strong, of Kansas, now dead, but then a member of the committee, was a firm believer in requiring the power should be set forth, and led the Republican side. Mr. Alan Goldsborough, to whom we said good-bye a few days ago—and he deserved all the good things that were said of him—led the Democratic side. Finally, we got a majority of the committee to report what was known as the Goldsborough bill. It brought down upon our heads the scorn of the leaders in finance and leaders in politics. I have never been able quite to forgive the things that were said about us at that time. What we sought was to put into law the existing practice of the Federal Reserve Board. We were told that we were liberals, we were told that we were fanatics, we were told that it was outrageous. We received all the epithets that could be heaped upon us because we dared say that we wanted to put into words the practice of the Federal Reserve Board. That measure passed the House but did not pass the Senate, and so did not become law.

I was still of the belief that the quantitative theory of money was sound and that you could manipulate prices by the use of money. Then there came along the experience, the observation of the last 6 years, and I no longer

hold that theory. I have abandoned it completely, have thrown it out of the window. I was wrong; your committee was wrong. The House was wrong.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield at that point?

Mr. LUCE. Not at that point. The House was wrong. These 6 years have proved to us that we cannot change the price level importantly by the moderate issuance of money.

Mr. WHITE of Idaho. Then why are we afraid of inflation?

Mr. LUCE. In those 3 months that Warren and Rogers were buying gold the price level was raised a bare 1 percent. Since then through these 6 years it is impossible to prove any connection between the price level and the quantity of money. Mr. Roosevelt apparently has not yet had his mind changed as I have had my mind changed. He apparently is still of the belief that he can accomplish that desired result. Prices have not been increased by any financial action of the last 6 years. Observation of the world where these same experiments have been tried seems to me to prove conclusively that the price level cannot be fixed by swelling the volume of money.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield for an academic question?

Mr. LUCE. Permit me to continue my narrative without interruption.

Why have we been convinced of this? We have found out a few things that were clear to a few observers but are not today clear to the masses of our people and are largely ignored by some who argue on this matter. In the first place, the currency of the country is no longer what it was when Mr. Bryan argued, or when the Populist Party grew in the West, or when the Greenback Party while I was a boy, flourished in Maine. Generation after generation has had this same idle dream, that you could lift yourself by your bootstraps and that by printing money you could make everybody more prosperous.

When I was a young man I started a magazine with a friend, another newspaperman. The subscription price of this magazine was \$1 a year. We had been operating a few months when the bank that had our funds called me in and asked me to withdraw my money. I asked, "Why?" They replied, "Because we do not want to bother with handling dollar checks." In my time I have seen the use of dollar checks and all kinds of checks increase until it has become the prevailing practice. I read somewhere that 92 percent of the business of the country was done by checks and had the curiosity to go over my own personal cash account for the preceding year. I found that I had performed just exactly 92 percent of my own business by the use of checks. You cannot regulate the volume of checks by law. A thousand different forces are at work to determine the volume of 92 percent of your money and the velocity with which your money circulates. When you try to take the other 8 percent of your money and say that you can make this country prosperous by making it 10 percent, or 12 percent, or 14 percent, you can keep on increasing until you get to 20 percent, but you will still have four-fifths of all the money work done by checks.

When a gentleman rises here and demands more money, as within the past few minutes one of our friends has done, he simply does not know what he is talking about. He has not looked the problem in the face. He does not realize that printing more money will not raise prices unless it is done in such exaggerated degree as to produce the inflation that stole from the masses of the middle-class people in Russia and in Germany all they had saved against old age, the inflation that almost ruined this country when we tried it ourselves. By good fortune we escaped because we came back to the belief that gold, and gold alone, is the safety of any money system.

What disturbs me so greatly today is my observation that now the whole world is living on fiat money. Only little Belgium is the exception. The whole world—every country in the world except little Belgium—is living on fiat money. It was only a little more than 40 years ago that we had a great political campaign the very heart of which was the proposal

that we could live on fiat money. As I look back I do not know what to think; I cannot explain the situation; I do not understand it; it is too much for me. All during my life I had been denouncing the man who said fiat money was secure, and here I find all mankind doing the thing which I said could not be done. It may be that this is only temporary; it may be that we shall substitute for a system that has lasted through the centuries, the system of barter; that we shall go back once more to the days when in the earliest years of history men lived by swapping horses, cows, oxen, chickens, or anything else.

It may be that all through these years men have been wrong in thinking there ought to be a standard of money, a standard which would regulate the prices, a standard of the same type as the bronze bar you may see here at the Bureau of Standards, which determines the length of the yard and upon which is based the work of our factories, the standard that is the very foundation of our industry. It may be that we no longer need a measure. It may be that we are going to see it never return.

I dare not prophesy, but I do say that there is danger. I do say that for us to do this needless thing of abandoning the yardstick that is the measure of money is the height of folly. The President still is to have 2 years under this bill to use the power which has been put in his hands. I do not know that he will use it. I doubt that he will use it. But I also doubt if business can possibly recover so long as the danger of his using it exists. [Applause.] That is the real reason why this bill should not be passed, in respect to gold at any rate. It hangs like a cloud over the business world.

Mr. Chairman, I recall the story of Midas. Midas had caught the strange imp, Silenus. Silenus secured release only on the assurance that Midas might have anything he asked. Midas chose to ask that everything he touched should turn to gold. Unfortunately that included everything Midas wanted to eat or that he wanted to drink. Midas got in a bad way. He nearly starved. Then he was released from his perilous situation by Silenus, and the god Dionysus told him to go and bathe in the river Pactolus. There may be found to this day a sandy bottom where glimmer specks of gold.

Let us not forget that we, too, run the risk of Midas; that we now have three-fifths of all the gold in the world; that inside of a few years, at the present rate of increase, we may have all the gold in the world. Even now we have idle, doing nobody any good, as much gold as would have been produced by the labor of an army of 300,000 men in 30 years. That gold will paralyze us. That gold will not give us food and drink. That gold will do no good to any living being but will hang as a millstone around a man's neck when he jumps into the water, and it may drown us in such a disaster as the world has never seen before. [Applause.]

[Here the gavel fell.]

Mr. SOMERS of New York. Mr. Chairman, I yield such time as remains to the gentleman from Texas [Mr. PATMAN].

GOLD BILL SHOULD PASS

Mr. PATMAN. Mr. Chairman, I respect the view of my good friend the gentleman from Massachusetts [Mr. LUCE], but I cannot agree with him that the quantity of money will not affect the price level. I do not follow him in his argument that to place more money in circulation, according to his form of view, would necessarily increase the price level. I say he is right now that the volume of currency possibly will not affect the price level or that the volume of demand deposits in banks will not affect the price level; but if you will consider the total business transactions, the turn-over of the money and demand deposits you will find a very close relationship between the total business transactions and the price level. I think my friend has possibly failed to go far enough and consider the total business transactions instead of confining his study just to the volume of currency or the volume of demand deposits. Most of the demand deposits are now hoarded.

SHOULD SYNCHRONIZE MONEY SUPPLY WITH PRODUCTION

Our country is geared up for mass production, both industrially and agriculturally. If we were not fortunate enough

to have plenty of gold, everyone who has studied this question would say: "Now, if we only had the gold as a reserve for the purpose of placing into circulation sufficient circulating medium to bring that production to the people who need it, we would be the most fortunate people in all the world." Here we are with that production. We have this gold. Yet many people oppose the use of this gold.

We have adequate machinery for production but no adequate or satisfactory machinery to produce the money necessary to convey that production to the consumers. We should synchronize our money supply with our production.

Mr. Chairman, I believe this bill should be passed. In 1934 this bill passed the House by a vote of 360 to 40. Some of the principal leaders on the minority side voted for the bill. In 1937 there was so little opposition to its extension for 2 additional years that a roll call was not even asked for. There was not even a division vote requested. There was hardly any opposition at all. Everyone who has studied this question believes someone should have this power that is vested in the President of the United States. If we had a Republican President our Republican friends would be in here asking that this power be given to their Chief Executive. I can see why they do not want to give this power to the President. It is because they do not like our President. I can see some justification or excuse for those who entertain different political views from those of us on this side opposing this measure, but I cannot see one single excuse, much less reason, for a Member on the majority side opposing the extension of this power. [Applause.]

The President has not abused the power. No one claims he has. No one makes the charge that he has in mind abusing it. No one accuses him of attempting to abuse it in the past or charges that he will attempt to abuse it in the future. He has proven true to a trust. We have trusted him in the past. Why can we not trust him in the future, since we know somebody must have this power?

WHO WANTS \$20.67 AN OUNCE GOLD?

Who is it within the sound of my voice would go back to the \$20.67 an ounce gold? If there is one here who says we should have the old \$20.67 an ounce gold instead of the \$35 fixed by the President I wish he would ask me to yield. I would like to yield to him. I believe the country would be interested in knowing one Member of this Congress who would go back to the old price of gold. There is not one within the sound of my voice. No one asks me to yield on that point so the \$35 price fixed by our President seems to meet with approval.

Evidently we have done something that is good, something that is constructive, and that has been accomplished by giving the Chief Executive of this country the power that he needs, the power that he should have, and I ask you to stay with the President, stay with the administration, and let the administration continue to be successful in handling this stabilization fund, as it has in the past, by giving this power to the Chief Executive.

TITLE TO GOLD

Much has been said about the title to the gold that is held by the United States Treasury. I invite your attention to the following provisions of the Gold Act of January 30, 1934:

Sec. 2. (a) Upon the approval of this act, all right, title, and interest, and every claim of the Federal Reserve Board, of every Federal Reserve bank, and of every Federal Reserve agent in and to any and all gold coin and gold bullion shall pass to and are hereby vested in the United States.

The Secretary of the Treasury cannot handle this gold any way that he chooses. He is restricted by section 3 of the law, which is as follows:

Sec. 3. The Secretary of the Treasury shall, by regulations issued hereunder, with the approval of the President, prescribe the conditions under which gold may be acquired and held, transported, melted or treated, imported, exported, or earmarked: (a) for industrial, professional, and artistic use; (b) by the Federal Reserve banks for the purpose of settling international balances; and (c) for such other purposes as in his judgment are not inconsistent with the purposes of this act. Gold in any form may be acquired, transported, melted or treated, imported, exported, or earmarked or held in custody for foreign or domestic account (except on behalf of the United States) only to the extent permitted by, and subject to the

conditions prescribed in, or pursuant to, such regulations. Such regulations may exempt from the provisions of this section, in whole or in part, gold situated in the Philippine Islands or other places beyond the limits of the continental United States.

A daily statement of the United States Treasury for April 17, 1939, discloses assets consisting of 444,353,723.1 ounces of gold, valued at \$15,552,380,308.39.

Against this asset, the Treasury lists as liabilities the following:

Gold certificates outside of the Treasury	\$2,888,710,569.00
Gold certificate fund—Board of Governors, Federal Reserve System	10,031,275,184.95
Redemption fund—Federal Reserve notes	8,785,429.33
Gold reserve against \$346,681,016 of United States notes	156,039,430.93
Exchange stabilization fund	1,800,000,000.00
Gold in general fund of Treasury	667,569,694.18
Total	15,552,380,308.39

I invite your attention to the number of gold certificates outstanding. Out of the \$2,888,710,569, about \$75,000,000 of these certificates are the old, large, blanket type that have never been turned in. They have evidently been lost or destroyed. The remainder of these certificates of about

\$2,800,000,000 are in the 12 Federal Reserve banks. They are not used; they are bundled up in their vaults.

The gold-certificate fund is nothing more than a book-keeping transaction. This fund that is used by the 12 Federal Reserve banks when additional Federal Reserve notes are to be issued. In other words, these Federal Reserve banks do not even go to the trouble or expense of having gold certificates printed. They use a bookkeeping transaction entirely.

HOW CLOUD TO TITLE TO GOLD MAY BE REMOVED

If Congress desired, it could cause to be placed with the Federal Reserve banks non-interest-bearing United States Government obligations equal to the amount of gold certificates and gold-certificate fund and thereby remove any cloud from the title to this gold on account of the claim of these Federal Reserve banks. Then, if one of these banks needed Federal Reserve notes, it could deposit with the Federal Reserve agent a non-interest-bearing bond and obtain the Federal Reserve notes just the same as it now obtains them through the use of the gold-certificate fund credit.

The Federal Reserve Bulletin for April 1939 discloses the following information relative to gold production:

Gold production outside Union of Soviet Socialist Republics

[In thousands of dollars]

Year or month	Estimated world production outside Union of Soviet Socialist Republics	Production reported monthly											
		Total	Africa				North and South America					Far East	
			South Africa	Rhodesia	West Africa	Belgian Congo	United States ¹	Canada	Mexico	Colombia	Chile	Australia	British India
				[\$1=25½ grains of gold]	% fine; i. e., an ounce of fine gold=\$20.67								
1929	382,532	352,237	215,242	11,607	4,297	2,300	45,651	39,862	13,463	2,823	683	8,712	7,508
1930	401,088	365,258	221,526	11,476	4,995	2,699	47,248	43,454	13,813	3,821	428	9,553	6,785
1931	426,424	386,293	224,863	11,193	5,525	3,224	49,527	55,687	12,866	4,016	442	12,134	6,812
1932	458,102	413,459	238,931	12,000	5,992	3,642	50,626	62,933	12,070	5,132	788	14,563	6,785
1933	469,257	411,208	227,673	13,335	6,623	3,631	52,842	60,968	13,169	6,165	3,009	16,873	6,919
1933	794,498	696,218	385,474	22,578	11,214	6,148	89,467	103,224	22,297	10,438	5,094	28,568	11,715
1934	823,003	707,288	366,795	24,264	12,153	6,549	108,191	104,023	23,135	12,045	8,350	30,559	11,223
1935	882,533	751,979	377,090	25,477	13,625	7,159	126,325	114,971	23,858	11,515	9,251	31,240	11,468
1936	971,514	833,088	396,768	28,053	16,295	7,386	152,509	131,181	26,465	13,632	9,018	40,118	11,663
1937	1,041,987	892,535	410,710	28,296	20,784	8,018	168,159	143,367	29,591	15,478	9,544	46,982	11,607
1938	1,116,673	955,377	425,649	28,532	24,670	8,441	176,971	165,055	32,064	18,225	10,222	54,302	11,247
1937—December	88,963	76,509	34,696	2,341	1,957	729	14,083	12,677	2,064	1,144	1,053	4,725	1,031
1938—January	87,587	74,960	34,573	2,381	1,964	661	12,758	12,638	2,948	1,456	775	3,858	948
February	82,724	70,056	32,524	2,246	1,887	642	11,347	11,929	2,266	1,175	834	4,333	872
March	89,646	77,205	35,519	2,387	2,002	673	12,991	13,161	3,253	1,403	673	4,204	939
April	87,533	74,764	34,351	2,374	2,024	702	12,480	12,895	2,389	1,664	698	4,280	906
May	90,445	77,273	35,794	2,415	1,989	686	13,855	13,338	1,863	1,338	782	4,278	935
June	91,242	77,950	35,509	2,394	2,020	726	12,851	13,674	3,024	1,365	901	4,577	909
July	98,492	84,849	36,222	2,410	2,067	716	16,684	14,727	4,241	1,748	752	4,330	951
August	97,845	83,896	36,622	2,415	2,053	716	16,492	14,425	2,941	1,515	986	4,771	958
September	97,386	83,223	36,237	2,365	2,048	743	16,839	14,336	2,062	1,812	1,019	4,816	946
October	96,785	82,801	36,449	2,445	2,174	725	16,223	14,394	2,265	1,622	906	4,642	956
November	98,596	84,645	35,842	2,381	2,204	725	18,481	14,351	2,353	1,628	930	4,820	930
December	98,391	83,755	36,007	2,318	2,240	725	15,970	15,186	2,458	1,499	965	5,393	995
1939—January	96,261	81,646	36,188	2,318	2,135	725	14,919	14,696	2,283	1,953	930	4,540	960

Gold production in Union of Soviet Socialist Republics: No regular Government statistics on gold production in Union of Soviet Socialist Republics are available, but data of percentage changes irregularly given out by officials of the gold mining industry, together with certain direct figures for past years, afford a basis for estimating annual production, in millions of dollars, as follows—at \$20.67 per fine ounce: 1929, \$15; 1930, \$31; 1931, \$34; 1932, \$40; 1933, \$56; at \$35 per fine ounce: 1933, \$95; 1934, \$135; 1935, \$158; 1936, \$185; 1937, \$180.

¹ Includes production in the Philippines.

² Corrected.

³ Preliminary.

NOTE.—For monthly figures back to January 1929 and for explanation of table, see Bulletins for March 1939, p. 227; February 1939, p. 151; June 1938, pp. 539-540, and April 1933, pp. 233-35. For annual figures of world production back to 1873 (including Russia-Union of Soviet Socialist Republics, see Annual Report of Director of Mint for 1936, pp. 108-109, 1937, pp. 104-105, and 1938, pp. 102-103. Figures for Canada beginning January 1938 are subject to official revision.

WILL GOLD BE DEMONETIZED?

The Federal Reserve bank in New York, acting under special license granted, is holding \$700,000,000 of gold earmarked for foreign countries and foreign central banks that is not included in the amount held by the United States Treasury.

The United States is holding 60 percent of the publicly reported gold stocks of the world, which is more than any other country in the world has ever held at one time. The question is being asked:

Is it possible that the rest of the world having sold its gold to the United States may proceed to demonetize it, and, if so, what would it be worth to us?

The answer seems to be that the world will not sell all of its gold to the United States; that gold will not be demonetized and will very probably always be in demand in

all countries. The best reason for thinking that gold will be wanted is that there is nothing to take its place as a monetary base where metal is used. Silver has been gold's only rival since the time of Abraham, and since the Silver Purchase Act the United States is absorbing silver also. The gold coins of Spain and Czechoslovakia are good under any flag. Great Britain produces substantial quantities of gold and certainly desires a continuation of gold as a monetary medium; in fact, Great Britain produces almost one-half of the world's gold. Many other countries producing relatively small amounts find that those small amounts are an important source of national income to them. England and France each have more than \$3,000,000,000 in gold and there are substantial amounts in other countries. Although it is comparatively easy for a country to abandon gold or silver as a base for domestic currency,

yet these metals are highly desirable and are now necessary in world trade.

What should we do with this gold? Should we permit it to remain idle, or should we use it in the interest of the people?

SURPLUS GOLD AND COTTON CAN BE USED

In a speech in the House of Representatives recently, I advocated the consideration of the following:

First. Setting aside \$1,000,000,000 or more of this gold upon which two and one-half billion dollars could safely be issued to pay parity prices to farmers and to loan tenants on long terms at a very low rate of interest to purchase farm homes. I introduced official figures to show that when the farmer prospers, the entire Nation prospers; and when \$1 is added to the farmer's income, the income of the wage earner is also increased \$1.

Second. Set aside a large amount of this gold to be used for national-defense purposes. We do not know what is going on in the other countries, and we cannot rely upon all of the information we receive. Therefore we should be prepared and the use of a half billion or a billion dollars of this gold will not only be helpful in providing for adequate national defense but will give people work and thereby reduce unemployment. If our country were to get into war, everybody would be employed immediately to engage in a destructive business. It is possible for us to employ them without getting into war by the use of even a small part of this gold, and at the same time engage in a constructive business.

Third. Congress should adopt the policy of not issuing any more bonds or securities of any kind that are interest bearing within the next 2 years.

Fourth. Set aside 5,000,000 bales of surplus cotton to be used by the Secretary of State to exchange for raw materials, and especially minerals, that can only be obtained from foreign countries, and which we need and use in this country every day, both in time of peace and in time of war. (We should also distribute a large part of this cotton to an agency in each of the 3,072 counties in the United States and give it to people who need it if they convert it into finished products, such as mattresses, quilts, and other needed home comforts and conveniences.)

We have produced too much of everything to eat and too much of everything to wear. If we did not have gold or an orthodox way of issuing a medium of exchange, many of our leaders would be saying, "If we only had gold to be used as a vehicle to place produce into the hands of the consumers, our country would be well fixed." The sad part of it is that we do have this gold and we are failing to take advantage of the wonderful opportunities that are ours to use it as a vehicle to place production into the hands of people who need it.

The CHAIRMAN. All time has expired.

Mr. REED of New York. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The CHAIRMAN (Mr. McCORMACK). Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

Mr. REED of New York. Mr. Chairman, it is well known that debasement of coinage nearly wrecked England at one time. Edward I, I believe it was, started England on the devaluation path by stretching the pound of silver so that it would make 243 pennies instead of 240 as previously. Similar devaluations continued for two centuries until the pound of silver under Henry VIII was making nearly 3,000 pennies.

His daughter, Queen Elizabeth, who had some financial integrity, restored coinage in 1560. Not until recently has an English ruler attempted to devalue the coin of the realm. It happened in the United States for the first time in 1933 under the present administration. A nation cannot debase its money without at the same time debasing its character. You cannot adulterate the people's medium of exchange, whether it is silver, wampum, gold, or copper, without adulterating national ideals. I will say this for one man who possessed dictatorial powers that he was at least endowed with sufficient character and intellectual honesty not to issue debased money. He conducted a 20-year war, yet notwith-

standing any other traits we may deplore in Napoleon he refused to resort to this species of fraud.

What does "going off the gold standard" mean? It means that the Government has issued, or plans to issue, either itself or its central bank, far more promises to pay real money than it has real money on hand. The real money of the Nation still remains gold. The simple fact is that with no exception gold has remained the real money of every nation that has "gone off gold."

The Government refuses not only to relinquish what gold it has, but by every means within its power—by threatening its citizens and by cheating foreigners—acquires as much more as possible. When a government arbitrarily stops paying gold, intimating that it will resume meeting its promises later when the demands upon it are not so insistent, a serious question arises. Will this Government ever, in fact, keep its promise to pay in gold? Even if it does, the next question is, Will it pay to the citizen according to the terms of the promise or will it defraud the citizen by paying less gold than was promised? This Nation, to its shame, has repudiated its promise to pay 23.22 grains of gold for every dollar bill presented to the Treasury. This New Deal thievery and fraud is politely called "devaluation."

For a hundred years prior to March 1933 our own Government promised to give, and its citizens could always receive, 23.22 grains of gold for every dollar bill presented to the Treasury of the United States. But President Roosevelt in January 1934 called upon his personally controlled Congress to pass an act, a piece of high-handed fraud, which declared that anybody holding a dollar bill could thereafter receive only 13.85 grains of gold, about one thirty-fifth of an ounce. This was a tyrannical, forced seizure of property from the citizens of this Nation and foreigners.

The President is authorized to further defraud the citizens by a further "devaluation" of the currency whenever he may see fit to do so.

Much of the uncertainty and lack of confidence that now hampers business is to what extent the Government will ultimately cheat those who are forced to put their trust in Government promises.

No person knows precisely how much gold the Government will ultimately give for the promises it is issuing. It is a matter of common observation, or it should be in the light of dictatorial and dishonest governments elsewhere, that the promises of our own Government to redeem its promise to pay even 13.85 grains of gold for every dollar issued may prove worthless.

Now that the New Deal has entered upon a program of fraud and dishonor our national credit stands impaired before the world. Every billion dollars of debt, most of which is borrowed money, makes for uncertainty as to the ability of the Government to redeem its promises to pay gold even at its present devalued level.

The Clerk read as follows:

Be it enacted, etc.

Committee amendment:

Immediately following the enacting clause insert "That subsection (a) of section 10 of the Gold Reserve Act of 1934, approved January 30, 1934, as amended, is further amended by striking out the period at the end of such subsection and adding thereto the words 'and to the Congress.'"

Mr. SOMERS of New York. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose, and, the Speaker having resumed the chair, Mr. McCORMACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to revise and extend in the RECORD the remarks I

made on the bill under consideration this afternoon and include therein a letter from the American Farm Bureau Federation, which I quoted in part.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of war propaganda, and to include therein an editorial from the Gaelic American on the same subject.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter addressed to the Speaker of the House by Mr. Andrews, the Administrator of the Wage and Hour Division.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mr. FITZPATRICK. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from New York [Mr. CURLEY] may be permitted to extend his own remarks in the RECORD and include therein a letter sent by him to the chairman of the House Committee on Banking and Currency.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend in the RECORD the remarks I made in Committee of the Whole this afternoon, and to include therein certain excerpts and tables.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein the decision of the United States Supreme Court, as well as the opinion of the Court, in the Strecker case.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MURDOCK of Arizona, Mr. REED of Illinois, and Mr. HARTER of New York, asked and were given permission to extend their own remarks in the RECORD.

Mr. LUCE asked and was given permission to revise and extend his own remarks in the RECORD.

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD by including therein an article entitled "Has Gold a Future?" from which I quoted in Committee of the Whole this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short article from the Oregonian. I also ask unanimous consent to extend in the RECORD the remarks I made this afternoon in Committee of the Whole and include therein quotations from Abraham Lincoln and Mr. Guest.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. THORKE. Mr. Speaker, I ask unanimous consent to revise and extend in the RECORD the remarks I made this afternoon and to include therein a letter from the Treasury Department.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. GILLIE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a paper on sugar as it affects my district in northern Indiana.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein certain extracts from the Federal Reserve Act and amendments thereto.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein certain statistical information from the Department of Commerce and from the Treasury.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—RESERVE OFFICERS ON DUTY WITH THE CIVILIAN CONSERVATION CORPS

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Military Affairs:

To the Congress of the United States:

After consideration of the administrative difficulties and fiscal effects flowing from the enactment of the last proviso of section 5, Public, No. 18, approved April 3, 1939, I am constrained to recommend to the Congress that early consideration be given to amending the law so as to remove all Reserve officers on duty with the Civilian Conservation Corps from the purview of the benefits provided in that section of the law for members of the civilian components of the Army brought into active military service for more than 30 days.

In making this recommendation, I am influenced by the belief that the Congress in enacting the law had in mind its application to individuals serving on extended active duty with the Army under conditions where they are exposed to military hazards of the same nature and to the same degree as individuals of the Regular Army. While it is held that duty with the Civilian Conservation Corps is military service, nevertheless, application of the law to the Reserve officers on such duty is considered neither desirable nor necessary; as a matter of fact, as we all know, duty with the Civilian Conservation Corps is in no way comparable with active military duty; in fact, it is almost wholly civilian duty. Legislative action in accordance with my recommendation is considered preferable to the alternative of replacement of Reserve officers by civilians, and I therefore recommend the matter to the favorable consideration of the Congress.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, April 20, 1939.

EXTENSION OF REMARKS

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by having printed therein a letter from the President of the United States to the chairman of the House Committee on Agriculture, Mr. JONES, with reference to proposed amendments to the Sugar Act.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. O'TOOLE for the remainder of the week on account of a death in his family.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and under the rule referred as follows: S. 1871. An act to prevent pernicious political activities; to the Committee on the Judiciary.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 10 minutes p. m.), under its previous order, the House adjourned until tomorrow, Friday, April 21, 1939, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

655. Under clause 2 of rule XXIV a letter from the Postmaster General, transmitting the draft of a proposed bill to prohibit the use of the mails for the solicitation of the procurement of divorces in foreign countries, was taken from the Speaker's table and referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. FADDIS: Committee on Military Affairs. H. R. 985. A bill to authorize the Secretary of War to furnish certain markers for certain graves; without amendment (Rept. No. 441). Referred to the Committee of the Whole House on the state of the Union.

Mr. SHAFER of Michigan: Committee on Military Affairs. H. R. 3132. A bill to authorize the disposal of cemetery lots; without amendment (Rept. No. 442). Referred to the Committee of the Whole House on the state of the Union.

Mr. CLASON: Committee on Military Affairs. H. R. 3587. A bill to authorize the Secretary of War to exchange obsolete, unsuitable, and unserviceable machines and tools pertaining to the manufacture or repair of ordnance matériel for new machines and tools; without amendment (Rept. No. 443). Referred to the Committee of the Whole House on the state of the Union.

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 5679. A bill to amend the Code of Law of the District of Columbia in respect of fees of the United States marshal; without amendment (Rept. No. 446). Referred to the Committee of the Whole House on the state of the Union.

Mrs. NORTON: Committee on Labor. H. R. 2990. A bill to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes", approved June 28, 1937, as amended; with amendment (Rept. No. 447). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of Washington: Committee on Pensions. H. R. 2875. A bill to provide that pensions payable to the widows and orphans of deceased veterans of the Spanish-American War, Boxer Rebellion, or Philippine Insurrection shall be effective as of date of death of the veteran, if claim is filed within 1 year thereafter; without amendment (Rept. No. 448). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of Connecticut: Committee on Military Affairs. H. R. 2987. A bill providing for the transfusion of blood by members and former members of the Military Establishment, and by employees of the United States Government; without amendment (Rept. No. 449). Referred to the Committee of the Whole House on the state of the Union.

Mr. ARENDS: Committee on Military Affairs. H. R. 3593. A bill authorizing and directing the Secretary of War to execute an easement deed to the city of Duluth for park, recreational, and other public purposes covering certain federally owned lands; without amendment (Rept. No. 450). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL: Committee on Indian Affairs. H. R. 3824. A bill to provide funds for cooperation with Wapato School District No. 54, Yakima County, Wash., for extension of public-school buildings to be available for Indian children of the Yakima Reservation; without amendment (Rept. No. 451). Referred to the Committee of the Whole House on the state of the Union.

Mr. COSTELLO: Committee on Military Affairs. H. R. 3131. A bill to authorize the Secretary of War to convey certain lands owned by the United States for other lands needed in connection with the expansion of West Point Mil-

tary Reservation, N. Y., and for other purposes; without amendment (Rept. No. 454). Referred to the Committee of the Whole House on the state of the Union.

Mr. FADDIS: Committee on Military Affairs. H. R. 5840. A bill to amend the act entitled "An act to provide for the protection and preservation of domestic sources of tin," approved February 15, 1936; without amendment (Rept. No. 455). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HESS: Committee on Naval Affairs. S. 513. An act to provide for the promotion on the retired list of the Navy of Fred G. Leith; without amendment (Rept. No. 452). Referred to the Committee of the Whole House.

Mr. CHURCH: Committee on Naval Affairs. H. R. 4511. A bill to extend to Sgt. Maj. Edwin O. Swift, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men; without amendment (Rept. No. 453). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 5904) granting an increase of pension to McKinley Cook, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BURDICK:

H. R. 5905. A bill conferring authority upon the several States to exchange school lands granted by the Federal Government for other lands of equal value for public purposes; to the Committee on the Public Lands.

By Mr. CELLER:

H. R. 5906. A bill to repeal the prohibition against the filling of a vacancy in the office of district judge for the southern district of New York; to the Committee on the Judiciary.

By Mr. JONES of Texas:

H. R. 5907. A bill to amend the Agricultural Adjustment Act, as amended, and as reenacted by the Agricultural Marketing Agreement Act of 1937, as amended; to the Committee on Agriculture.

By Mr. MAAS:

H. R. 5908. A bill to remove restrictions upon the service of certain officers of the Marine Corps in the Marine Corps Headquarters, Washington, D. C.; to the Committee on Naval Affairs.

By Mr. RANDOLPH:

H. R. 5909. A bill to amend the District of Columbia Unemployment Compensation Act, to provide for unemployment compensation in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. VOORHIS of California:

H. R. 5910. A bill to provide for the financing of commercial and industrial establishments and to maintain and increase the employment of labor by the creation of industrial finance banks with limited powers to lend, acquire securities, underwrite, discount, and rediscount; to perform functions not presently performed by private investment banks, to cooperate with such investment banks in the restoration and maintenance of sound capital markets, and to further the development of local private investment banking facilities; to release idle funds from State and National banks and direct such funds into the channels of industrial and commercial enterprise; to enable such enterprise to increase production, extend operations, and modernize plant

and equipment; and for other purposes; to the Committee on Banking and Currency.

By Mr. NICHOLS:

H. R. 5911. A bill to amend subsection (h) of section 344 of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

By Mr. ROBINSON of Utah:

H. R. 5912. A bill authorizing the Secretary of War to permit Salt Lake City, Utah, to construct and maintain certain roads, streets, and boulevards across the Fort Douglas Military Reservation; to the Committee on Military Affairs.

By Mr. Dies:

H. R. 5913. A bill to provide retirement annuities for certain former rural letter carriers; to the Committee on the Civil Service.

By Mr. NICHOLS:

H. R. 5914. A bill to amend the Bankhead-Jones Farm Tenant Act so as to encourage farm ownership and the improvement of rural housing standards and conditions, by providing a system of mutual mortgage insurance, and for other purposes; to the Committee on Agriculture.

By Mr. KILDAY:

H. R. 5915. A bill to amend section 12, title 34, supplement IV, United States Code (49 Stat. 959), relating to the appointment of Naval Academy graduates as ensigns in the Navy; to the Committee on Naval Affairs.

Mr. Mr. McLEOD:

H. R. 5916. A bill to amend section 22 of Public Law No. 13, Seventy-first Congress, providing for the apportionment of Representatives in Congress, approved June 18, 1929; to the Committee on the Census.

By Mr. COCHRAN:

H. R. 5917. A bill to amend the act establishing the Central Statistical Committee and the Central Statistical Board; to the Committee on Expenditures in the Executive Departments.

By Mr. DISNEY:

H. R. 5918. A bill amending Public Law No. 96 of the Seventy-Fifth Congress, being an act entitled "An act amending section 2 of Public Law No. 716 of the Seventy-fourth Congress, being an act entitled 'An act to relieve restricted Indians whose lands have been taxed or have been lost by failure to pay taxes and for other purposes'"; to the Committee on Indian Affairs.

By Mr. DIMOND:

H. R. 5919. A bill to provide for the refunding of the negotiable bonded indebtedness of municipal corporations and public-utility districts in the Territory of Alaska; to the Committee on the Territories.

By Mr. BURDICK:

H. J. Res. 271. Joint resolution authorizing the survey and marking of the Custer Trail, and appropriating money therefor; to the Committee on Appropriations.

By Mr. REED of Illinois:

H. Con. Res. 17. Concurrent resolution favoring the appointment of William Griffin as a special envoy to certain foreign countries in connection with their indebtedness to the United States; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANGELL:

H. R. 5920. A bill for the relief of Alan Welch Smith; to the Committee on Naval Affairs.

By Mr. BURDICK:

H. R. 5921. A bill providing for the final discharge of Federal supervision over certain individual Indians; providing for final settlement of Indian claims, determination of heirs, and for other purposes; to the Committee on Indian Affairs.

By Mr. COLE of Maryland:

H. R. 5922. A bill for the relief of Emma S. Griffith; to the Committee on Claims.

By Mr. COLLINS:

H. R. 5923. A bill for the relief of Simon A. Brieger; to the Committee on Claims.

By Mr. EATON of New Jersey:

H. R. 5924. A bill to authorize the presentation to Harold Patrick Malley of a Distinguished Service Cross; to the Committee on Military Affairs.

By Mr. FAY:

H. R. 5925. A bill for the relief of Spiridon or Spiros Noutsopoulos; to the Committee on Immigration and Naturalization.

By Mr. GARTNER:

H. R. 5926. A bill to authorize the cancelation of deportation proceedings in the case of Marie Eglick; to the Committee on Immigration and Naturalization.

By Mr. GRIFFITH:

H. R. 5927. A bill to adjust the status of Lt. Comdr. Jeff D. Smith, United States Navy, retired, on the retired list of the Navy; to the Committee on Naval Affairs.

By Mr. HENNINGS:

H. R. 5928. A bill for the relief of Ella Ragotski; to the Committee on Claims.

H. R. 5929. A bill for the relief of W. T. Evans; to the Committee on Claims.

By Mr. HILL:

H. R. 5930. A bill for the relief of Raymond C. Knight; to the Committee on Claims.

By Mr. HOPE:

H. R. 5931. A bill for the relief of Elizabeth Hessman; to the Committee on Claims.

By Mr. LAMBERTSON:

H. R. 5932. A bill granting an increase of pension to Samuel J. White; to the Committee on Pensions.

By Mr. McREYNOLDS:

H. R. 5933. A bill for the relief of Frances Virginia McCloud; to the Committee on Foreign Affairs.

H. R. 5934. A bill for the relief of W. Elisabeth Beltz; to the Committee on Foreign Affairs.

H. R. 5935. A bill for the relief of Charlotte J. Gilbert; to the Committee on Foreign Affairs.

By Mr. ROBSION of Kentucky:

H. R. 5936. A bill granting a pension to Relda Long; to the Committee on Invalid Pensions.

By Mr. SOMERS of New York:

H. R. 5937. A bill to confer jurisdiction on the Court of Claims to hear and determine the claim of Lamborn & Co.; to the Committee on Claims.

By Mr. WINTER:

H. R. 5938. A bill for the relief of Elmer D. Van Antwerp; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2630. By Mr. BALL: Petition of certain citizens of West Willington, Conn., protesting against the Nazi invasion of Czechoslovakia and favoring a change in our neutrality laws; to the Committee on Foreign Affairs.

2631. By Mr. CURLEY: Resolutions of the Old Timers Association, Inc., of the Borough of the Bronx, New York City, endorsing neutrality legislation providing a strenuous pronouncement, to prevent any combined conclusion to intervene with commerce or any production thereof, and such production to be on a basis of cash-and-carry transaction; to the Committee on Foreign Affairs.

2632. By Mr. EATON of California: Resolution adopted by the Kiwanis Club of Long Beach, Calif., and signed by Jack B. White as secretary, opposing the passage of the Nye resolution (S. J. Res. 24); to the Committee on the Judiciary.

2633. Also, resolution of the Alamitos Heights Improvement Association of the city of Long Beach, signed by Dr. Paul Southgate as president and Robert I. Reese as secretary, opposing the adoption by the United States Congress of Senate Joint Resolution No. 24, commonly known as the Nye resolution; to the Committee on the Judiciary.

2634. By Mr. JOHNS: Petition of 51 locomotive engineers, all residents of Wisconsin, stating that they are advised that an attempt will be made by a national law to prohibit locomotive engineers from making in excess of 2,000

miles per month, and to this legislation they are opposed, for they are not satisfied to accept this compulsory form of legislation; this, they believe, is a feature for which the Brotherhood of Locomotive Engineers was organized and is qualified to consummate; to the Committee on Interstate and Foreign Commerce.

2635. By Mr. MARTIN J. KENNEDY: Petition of the California Packing Corporation, San Francisco, Calif., urging support of House bill 5630; to the Committee on Interstate and Foreign Commerce.

2636. Also, petition of the Tourneur Beauty Products, Inc., New York City, urging support of House bill 5630; to the Committee on Interstate and Foreign Commerce.

2637. Also, petition of Harold H. Clapp, Inc., Rochester, N. Y., urging support of House bill 5630; to the Committee on Interstate and Foreign Commerce.

2638. Also, petition of Mary Dunhill, Inc., New York City, urging support of House bill 5630; to the Committee on Interstate and Foreign Commerce.

2639. Also, petition of the Cheatham Chemical Co., Atlanta, Ga., urging support of House bill 5630; to the Committee on Interstate and Foreign Commerce.

2640. Also, petition of Barron G. Collier, Inc., urging support of House bill 5630; to the Committee on Interstate and Foreign Commerce.

2641. Also, petition of the Crosse & Blackwell Co., Baltimore, Md., urging support of House bill 5630; to the Committee on Interstate and Foreign Commerce.

2642. Also, petition of the Trade Laboratories, Inc., Newark, N. J., urging support of House bill 5630; to the Committee on Interstate and Foreign Commerce.

2643. Also, petition of Mark Allen & Co., Detroit, Mich., urging support of House bill 5630; to the Committee on Interstate and Foreign Commerce.

2644. Also, petition of Lodge No. 600, International Association of Machinists, Saginaw, Mich., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2645. Also, petition of the Campbell Cereal Co., Minneapolis, Minn., urging support of House bill 5630; to the Committee on Interstate and Foreign Commerce.

2646. Also, petition of Kurt H. Volk, Inc., New York City, concerning House bills 5280, 5281, and 5282; to the Committee on Interstate and Foreign Commerce.

2647. By Mr. KEOGH: Petition of the Pocahontas Steamship Co., New York City, concerning Senate bill 2009 and House bill 4862; to the Committee on Interstate and Foreign Commerce.

2648. By Mr. KRAMER: Resolution of the city of Los Angeles, relative to providing Federal funds toward flood control, etc.; to the Committee on Flood Control.

2649. Also, resolution of the Board of Supervisors of the County of Los Angeles, State of California, relative to the proposed addition to deficiency appropriation for Works Progress Administration, etc.; to the Committee on Appropriations.

2650. Also, resolution of the Assembly and Senate of the State of California, relative to the allocation of \$250,000,000 for national defense, etc.; to the Committee on Appropriations.

2651. Also, resolution of the National Rivers and Harbors Congress, relative to flood control, merchant marine, reclamation, etc.; to the Committee on Flood Control.

2652. By Mr. LEAVY: Petition of the Okanogan County (Wash.) Pomona Grange, pointing out that under the existing social security law and the prevailing system of administering it duplicate taxation will be required for the same purpose, and urging the substitution of a universal pay-as-you-go plan of taxation which will tend to eliminate the accumulation of a great Federal debt, with all its accompanying evils; to the Committee on Ways and Means.

2653. By Mr. PFEIFER: Petition of the Women's International League for Peace and Freedom, Catonsville, Md., concerning neutrality legislation; to the Committee on Foreign Affairs.

2654. Also, petition of the Women's International League for Peace and Freedom, Denver, Colo., favoring the Nye-Bone-Clark resolution or retaining our present Neutrality Act; to the Committee on Foreign Affairs.

2655. Also, petition of the Women's International League for Peace and Freedom, Rockaway Park, N. Y., favoring the new Nye-Clark-Bone bill or retaining our present Neutrality Act; to the Committee on Foreign Affairs.

2656. By Mr. SCHAEFER of Illinois: Petition of Division No. 386, Order of Railway Conductors of America, L. W. Haley, local chairman, East St. Louis, Ill., opposing any legislation which would limit mileage or hours of regular railroad employees; to the Committee on Interstate and Foreign Commerce.

HOUSE OF REPRESENTATIVES

FRIDAY, APRIL 21, 1939

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Holy, holy, holy, Lord God Almighty, we thank Thee that in the perils of this life we are safeguarded; not in our own wisdom, not in our own virtue, and not in any power that we possess, but in the plenitude of Thy love and mercy. Grant Thy blessing to these Thy servants of our Republic; may they be joined together in purpose in putting into the hearts of this great people temperance, obedience, and uprightness in all things. Bless, we beseech Thee, the churches of this city and all Thy servants who preach the Gospel of our glorified Saviour; clothe them with the spirit of the Master. Encourage all those instruments by which men are seeking to turn back the tides of ignorance and crime; throughout our land may intelligence and virtue prevail. Oh, grant that those who have wandered may come again to the Shepherd and Bishop of their souls, and unto Thy name be eternal praise. In the name of our Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 899. An act to provide for the establishment of a Coast Guard station on the east coast of the Keweenaw Peninsula, Mich.;

H. R. 1661. An act granting the consent of Congress to the city of Youngstown, Ohio, to construct, maintain, and operate a free highway bridge across the Mahoning River at or near Marshall Street, Youngstown, Ohio;

H. R. 1776. An act to provide for the assignment of medical officers of the Public Health Service for duty on vessels of the Coast and Geodetic Survey, and for other purposes;

H. R. 1962. An act granting the consent of Congress to the city of Youngstown, Ohio, to construct, maintain, and operate a free highway bridge across the Mahoning River at or near Cedar Street, Youngstown, Ohio;

H. R. 2635. An act granting the consent of Congress to Westmoreland County, in the State of Pennsylvania, to construct, maintain, and operate a free highway intercounty bridge and approaches across the Allegheny River, connecting Valley Camp in Westmoreland County and East Deer Township in Allegheny County, to connect State Highway Routes Nos. 28 and 56;

H. R. 2661. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Ogdensburg, N. Y.;

H. R. 3225. An act authorizing the Department of Highways of the State of Ohio to construct, maintain, and operate a free highway bridge across the Ottawa River at or near the city of Toledo, State of Ohio;